

## REQUIRED STATE AGENCY FINDINGS

### FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: March 12, 2025

Findings Date: March 12, 2025

Project Analyst: Cynthia Bradford

Co-signer: Gloria C. Hale

---

### COMPETITIVE REVIEW

---

Project ID: F-12570-24

Facility: Novant Health Presbyterian Medical Center

FID #: 943501

County: Mecklenburg

Applicants: Novant Health, Inc.  
The Presbyterian Hospital

Project: Develop 80 additional acute care beds pursuant the 2024 SMFP need determination

---

Project ID: F-12574-24

Facility: Carolinas Medical Center

FID #: 943070

County: Mecklenburg

Applicant: The Charlotte-Mecklenburg Hospital Authority

Project: Develop no more than 89 additional acute care beds pursuant to the 2024 SMFP need determination

Each application was reviewed independently against the applicable statutory review criteria found in G.S. 131E-183(a) and the regulatory review criteria found in 10A NCAC 14C. After completing an independent analysis of each application, the Healthcare Planning and Certificate of Need Section (CON Section) also conducted a comparative analysis of all the applications. The Decision, which can be found at the end of the Required State Agency Findings (Findings), is based on the independent analysis and the comparative analysis.

This competitive review involves two health systems in Mecklenburg County – Atrium Health and Novant Health. Each health system has acute care hospitals and numerous other facilities such as satellite hospitals that will be discussed in these findings. Given the complexity of this review and the numerous facilities involved for each of the two health systems, the Project Analyst created

the tables below listing each health system’s referenced facilities and the acronyms or abbreviations used in the findings.

<b>Atrium Health System</b>		
<b>Facility Name</b>	<b>Type of Facility</b>	<b>Acronym/Abbreviations Used</b>
Atrium Health Pineville	Acute care hospital	AH Pineville / AH-P
Atrium Health Steele Creek	Approved satellite hospital campus of Atrium Health Pineville	AH Steele Creek
Atrium Health University City	Acute care hospital	AH University City
Carolinas Medical Center	Acute care hospital	CMC
Atrium Health Mercy	Satellite hospital campus of Carolinas Medical Center	AH Mercy
Atrium Health Lake Norman	Approved satellite hospital campus of Atrium Health University City	AH Lake Norman

<b>Novant Health System</b>		
<b>Facility Name</b>	<b>Type of Facility</b>	<b>Acronym/Abbreviations Used</b>
Novant Health Huntersville Medical Center	Acute care hospital	NH Huntersville / NHHMC
Novant Health Matthews Medical Center	Acute care hospital	NH Matthews / NHMMC
Novant Health Mint Hill Medical Center	Acute care hospital	NH Mint Hill / NHMHMC
Novant Health Presbyterian Medical Center	Acute care hospital	NH Presbyterian / NHPMC
Novant Health Ballantyne Medical Center	Approved acute care hospital	NH Ballantyne / NHBMC
Novant Health Steele Creek Medical Center	Approved acute care hospital	NH Steele Creek / NHSCMC

### **REVIEW CRITERIA**

G.S. 131E-183(a): The Department shall review all applications utilizing the criteria outlined in this subsection and shall determine that an application is either consistent with or not in conflict with these criteria before a certificate of need for the proposed project shall be issued.

- (1) The proposed project shall be consistent with applicable policies and need determinations in the State Medical Facilities Plan, the need determination of which constitutes a determinative limitation on the provision of any health service, health service facility, health service facility beds, dialysis stations, operating rooms, or home health offices that may be approved.

C – Both Applications

**Need Determination** – Chapter 5 of the 2024 State Medical Facilities Plan (SMFP) includes a methodology for determining the need for additional acute care beds in North Carolina by service area. Application of the need methodology in the 2024 SMFP identified a need for 89 additional acute care beds in the Mecklenburg County service area. Two applications were submitted to the Healthcare Planning and Certificate of Need Section (“CON Section” or “Agency”) proposing to develop a total of 169 new acute care beds in Mecklenburg County. However, pursuant to the need determination, only 89 acute care beds may be approved in this review for Mecklenburg County. See the Conclusion following the Comparative Analysis for the decision.

Only qualified applicants can be approved to develop new acute care beds. On page 34, the 2024 SMFP states:

*“A person who proposes to operate additional acute care beds in a hospital must show that the hospital will provide:*

- (1) a 24-hour emergency services department;*
- (2) inpatient medical services to both surgical and non-surgical patients; and*
- (3) if proposing a new licensed hospital, medical and surgical services on a daily basis within at least five of the following major diagnostic categories (MDC) recognized by the Centers for Medicare & Medicaid services listed below... [listed on pages 34 and 35 of the 2024 SMFP].”*

**Policies** – There are two policies in the 2024 SMFP which are applicable to this review.

*Policy GEN-3: Basic Principles*, on page 29 of the 2024 SMFP, states:

*“A certificate of need applicant applying to develop or offer a new institutional health service for which there is a need determination in the North Carolina State Medical Facilities Plan shall demonstrate how the project will promote safety and quality in the delivery of health care services while promoting equitable access and maximizing healthcare value for resources expended. A certificate of need applicant shall document its plans for providing access to services for patients with limited financial resources and demonstrate the availability of capacity to provide these services. A certificate of need applicant shall also document how its projected volumes incorporate these concepts in meeting the need identified in the State Medical Facilities Plan as well as addressing the needs of all residents in the proposed service area.”*

Policy GEN-3 applies to all applicants in this review.

*Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities*, on page 30 of the 2024 SMFP, states:

*“Any person proposing a capital expenditure greater than \$4 million to develop, replace, renovate or add to a health service facility pursuant to G.S. 131E-178 shall include in its certificate of need application a written statement describing the project’s plan to assure improved energy efficiency and water conservation.*

*In approving a certificate of need proposing an expenditure greater than \$5 million to develop, replace, renovate or add to a health service facility pursuant to G.S. 131E-178, Certificate of Need shall impose a condition requiring the applicant to develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes. The*

*plan must be consistent with the applicant's representation in the written statement as described in paragraph one of Policy GEN-4.*

*Any person awarded a certificate of need for a project or an exemption from review pursuant to G.S. 131E-184 is required to submit a plan for energy efficiency and water conservation that conforms to the rules, codes and standards implemented by the Construction Section of the Division of Health Service Regulation. The plan must be consistent with the applicant's representation in the written statement as described in paragraph one of Policy GEN-4. The plan shall not adversely affect patient or resident health, safety or infection control."*

Policy GEN-4 applies to all applicants in this review.

### **Project ID #F-12570-24/Novant Health Presbyterian Medical Center/ Add 80 acute care beds**

Novant Health, Inc. and The Presbyterian Hospital (hereinafter collectively referred to as "Novant" or "the applicant") propose to add 80 new acute care beds to Novant Health Presbyterian Medical Center (NH Presbyterian), a hospital with 502 existing and approved acute care beds, for a total of 582 acute care beds upon completion of this project and Project ID#F-12457-23 (develop no more than 26 acute care beds).

As defined in the 2024 SMFP chapter on acute care hospital beds on page 31:

*"A **hospital under common ownership** is a hospital that is owned by the same or a related legal entity as at least one other acute care hospital in the same service area."* (emphasis in original)

According to Table 5A on page 41 of the 2024 SMFP, the Novant Health system has four existing hospitals and two approved but not yet developed hospitals in Mecklenburg County:

- Novant Health Presbyterian Medical Center (License H0010)
- Novant Health Matthews Medical Center (License H0270)
- Novant Health Huntersville Medical Center (License H0282)
- Novant Health Mint Hill Medical Center (License H0290)
- Novant Health Ballantyne Medical Center (Project ID #F-11625-18; CON issued April 30, 2019; currently under development)
- Novant Health Steele Creek Medical Center (Project ID #F-11993-20; CON issued May 28, 2021; currently under development)

As of the date of these findings, the Novant Health system has 919<sup>1</sup> existing and approved acute care beds. The addition of 80 new acute care beds as proposed in this application

---

<sup>1</sup> Source: Table 5A, page 43 in the 2025 SMFP

would bring the total number of acute care beds in the Novant Health system in Mecklenburg County to 999 acute care beds.

***Need Determination.*** The applicant does not propose to develop more acute care beds than are determined to be needed in Mecklenburg County. In Section B, page 23, the applicant adequately demonstrates that it meets the requirements of a “qualified applicant” as defined in Chapter 5 of the 2024 SMFP.

***Policy GEN-3.*** In Section B, pages 26-27, the applicant explains why it believes its proposal is consistent with Policy GEN-3.

***Policy GEN-4.*** The proposed capital expenditure for this project is greater than \$5 million. In Section B, pages 27-28, the applicant describes the project’s plan to improve energy efficiency and conserve water.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant does not propose to develop more acute care beds than are determined to be needed in Mecklenburg County.
- The applicant adequately demonstrates it is a “qualified applicant” as defined in Chapter 5 of the 2024 SMFP.
- The applicant adequately demonstrates that the proposal is consistent with Policy GEN-3 and Policy GEN-4 for the following reasons:
  - The applicant adequately documents how the project will promote safety and quality in the delivery of acute care bed services in Mecklenburg County.
  - The applicant adequately documents how the project will promote equitable access to acute care bed services in Mecklenburg County.
  - The applicant adequately documents how the project will maximize healthcare value for the resources expended.

- The applicant adequately demonstrates that the application includes a written statement describing the project’s plan to ensure improved energy efficiency and water conservation.

### **Project ID #F-12574-24/Carolinas Medical Center/Add 89 acute care beds**

The Charlotte-Mecklenburg Hospital Authority (hereinafter referred to as “Atrium” or “the applicant”) proposes to add 89 acute care beds to Carolinas Medical Center, a hospital with 1,256<sup>2</sup> existing and approved acute care beds on its license, for a total of 1,345 acute care beds upon completion of this project and Project ID# F-12439-23 (develop 86 acute care beds), Project ID# F012281-22 (develop 38 acute care beds), Project ID# F-12149-21 (develop 75 acute care beds), and Project ID# F-12006-20 (develop 87 acute care beds).

As defined in the 2024 SMFP chapter on acute care hospital beds on page 31:

*“A hospital under common ownership is a hospital that is owned by the same or a related legal entity as at least one other acute care hospital in the same service area.”* (emphasis in original)

According to Table 5A on page 41 of the 2024 SMFP, the Atrium Health system has three existing hospitals and two approved but not yet developed hospitals in Mecklenburg County:

- Carolinas Medical Center – including the Atrium Health Mercy satellite campus (License H0071)
- Atrium Health Pineville (License H0042) – including the approved Atrium Health Steele Creek satellite campus (Project ID #F-12084-21)
- Atrium Health University City (License H0255) – including the approved Atrium Health Lake Norman satellite campus (Project ID #F-12010-20 and material compliance approval issued on September 22, 2023).

As of the date of these findings, the Atrium Health System has 1,609 existing and approved acute care beds. The addition of all of the proposed beds would bring the total number of acute care beds in the Atrium Health system in Mecklenburg County to 1,698 acute care beds.

***Need Determination.*** The applicant does not propose to develop more acute care beds than are determined to be needed in Mecklenburg County. In Section B, page 25, the applicant adequately demonstrates that it meets the requirements of a “qualified applicant” as defined in Chapter 5 of the 2024 SMFP.

---

<sup>2</sup> Source: Table 5A, page 43 in the 2025 SMFP

***Policy GEN-3.*** In Section B, pages 27-33, and in Exhibits B.20-1 through B.20-4, the applicant explains why it believes its proposal is consistent with Policy GEN-3.

***Policy GEN-4.*** The proposed capital expenditure for this project is greater than \$5 million. In Section B, pages 34-35, the applicant describes the project’s plan to improve energy efficiency and conserve water.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant does not propose to develop more acute care beds than are determined to be needed in Mecklenburg County.
- The applicant adequately demonstrates it is a “qualified applicant” as defined in Chapter 5 of the 2024 SMFP.
- The applicant adequately demonstrates that the proposal is consistent with Policy GEN-3 and Policy GEN-4 for the following reasons:
  - The applicant adequately documents how the project will promote safety and quality in the delivery of acute care bed services in Mecklenburg County.
  - The applicant adequately documents how the project will promote equitable access to acute care bed services in Mecklenburg County.
  - The applicant adequately documents how the project will maximize healthcare value for the resources expended.
  - The applicant adequately demonstrates that the application includes a written statement describing the project’s plan to ensure improved energy efficiency and water conservation.

(2) Repealed effective July 1, 1987.

- (3) The applicant shall identify the population to be served by the proposed project, and shall demonstrate the need that this population has for the services proposed, and the extent to which all residents of the area, and, in particular, low income persons, racial and ethnic minorities, women, ... persons [with disabilities], the elderly, and other underserved groups are likely to have access to the services proposed.

**Project ID #F-12570-24/Novant Health Presbyterian Medical Center/  
 Add 80 acute care beds**

The applicant proposes to add 80 new acute care beds to Novant Health Presbyterian Medical Center (NH Presbyterian), a hospital with 502 existing and approved acute care beds, for a total of 582 acute care beds upon completion of this project.

The following project involving acute care beds at NH Presbyterian is approved and under development:

- F-12457-23: Add 26 acute care beds.

**Patient Origin** – On page 31, the 2024 SMFP defines the service area for acute care beds as “... the single or multicounty grouping shown in Figure 5.1.” Figure 5.1, on page 36, shows Mecklenburg County as its own acute care bed service area. Thus, the service area for this facility is Mecklenburg County. Facilities may also serve residents of counties not included in their service area.

The following table illustrates current and projected patient origin.

Novant Health Presbyterian Medical Center Historical and Projected Patient Origin – Acute Care Services								
Area	CY 2023		FY 1 (CY 2030)		FY 2 (CY 2031)		FY 3 (CY 2032)	
	# Patients	% of Total	# Patients	% of Total	# Patients	% of Total	# Patients	% of Total
Mecklenburg	17,598	68.0%	22,558	68.0%	23,356	68.0%	24,181	68.0%
Union	1,548	6.0%	1,984	6.0%	2,055	6.0%	2,127	6.0%
Gaston	1,320	5.1%	1,692	5.1%	1,752	5.1%	1,814	5.1%
York (SC)	1,005	3.9%	1,289	3.9%	1,334	3.9%	1,382	3.9%
Cabarrus	808	3.1%	1,036	3.1%	1,073	3.1%	1,111	3.1%
Rowan	724	2.8%	929	2.8%	962	2.8%	995	2.8%
Iredell	628	2.4%	805	2.4%	834	2.4%	863	2.4%
Lincoln	314	1.2%	402	1.2%	416	1.2%	431	1.2%
Other*	1,948	7.5%	2,497	7.5%	2,586	7.5%	2,677	7.5%
<b>Total</b>	<b>25,895</b>	<b>100.0%</b>	<b>33,193</b>	<b>100.0%</b>	<b>34,367</b>	<b>100.0%</b>	<b>35,581</b>	<b>100.0%</b>

Source: Section C, pages 31 & 33

\*"Other" includes <1% patient origin from each remaining North Carolina county as well as other states.

In Section C, page 33, the applicant provides the assumptions and methodology used to project patient origin. The applicant’s assumptions are reasonable and adequately

supported because the applicant's projected patient origin is based on the FY2023 historical patient origin for acute care services at the same facility.

**Analysis of Need** – In Section C, pages 35-52, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below.

#### Historical Growth of Inpatient Volumes at NHPMC

On page 40, the applicant states,

*“Utilization at NHPMC has continued to rise in FFY2024, partially due to the addition of 31 acute care beds from previously approved projects. Despite this expansion, NHPMC's utilization remains well above its target threshold of 75.2%. Based on annualized FY2024 days of care, the hospital's occupancy rate now stands at 80.2%, underscoring the ongoing need for further capacity.”*

#### Increasing Acuity and Length of Stay

On pages 41-42, the applicant states,

*“Over the past five years, NHPMC's average length of stay (ALOS), excluding NICU patients, has increased by more than 21%, rising from 4.2 days in FY2018 to 5.1 days in FY2023. The hospital's annualized utilization for FY2024 reflects a similar ALOS of 5.0 days...*

*...The lower CAGR for discharges reflects the extended length of time inpatients are staying, which effectively limits NHPMC's throughput. As patients occupy beds for longer periods, fewer are available for incoming admissions, even as demand for services continues to rise. This dynamic highlights the operational challenges NHPMC faces in managing increased patient complexity and underscores the need for additional inpatient capacity to meet ongoing demand.”*

#### NHPMC Trauma Center Designation

On page 44, the applicant states,

*“NHPMC's recent designation as a Level II Trauma Center is expected to significantly increase the demand for acute inpatient services. The hospital's trauma leadership team projects that this designation will result in several hundred additional inpatient admissions annually. This increase in trauma-related admissions further supports the need for expanded inpatient capacity at NHPMC.”*

#### Novant Health Physician Recruitment

On page 45, the applicant states,

*“The Novant Health Weisiger Cancer Institute at NHPMC has also seen notable growth in malignant hematology and solid tumor oncology, with increased bed utilization in both areas, particularly for advanced treatments like acute leukemia, CAR-T therapy, and other cellular therapies. A focus on tumor procedures has prompted recruitment efforts in specialties such as Breast Surgical Oncology to support this growing demand.”*

#### Projected Population Growth in the Service Area

On page 45, the applicant states,

*“NCOSBM projects Mecklenburg County will experience a CAGR of 1.6 percent over the next eight years, adding approximately 161,643 new residents between 2024 and 2032. This growth rate surpasses the projected statewide growth rate of 1.1% during the same period. Acute healthcare encounters vary by age, with older adults the highest users of most medical services. Older adults have greater vulnerability to acute stress than younger individuals due to age-related diminution of physiologic reserves. This vulnerability is compounded by the greater prevalence of chronic disease (e.g., hypertension, chronic kidney disease, and heart failure) in older adults.”*

In addition, on page 46, the applicant states that the 65+ age group in Mecklenburg County is expected to increase by a CAGR of 3.6 percent during the next eight years, thus increasing demand for acute care services.

#### Need to Promote Geographic Access to Acute Care Beds in Mecklenburg County

On page 52, the applicant states,

*“The proposed project will effectively enhance access to acute care services by developing incremental acute care bed capacity within the Novant Health system in a populous and growing area of the county. The proposed project will also ensure adequate access for patients who need advanced services not offered by Novant Health’s community hospitals, including access by medically underserved. Additional capacity at NHMPC equates to expanded opportunities to serve more patients regardless of their ability to pay, and Novant’s generous policies are instrumental in promoting equitable access to care for all patients.”*

#### Need to Enhance Competition for Acute Care Services in Mecklenburg County

On page 52, the applicant states,

*“Atrium Health controls 65.5 percent of the existing and approved acute care beds in Mecklenburg County. Novant Health controls only 34.5 percent of the existing and approved acute care beds in Mecklenburg County...”*

...the proposed additional acute care bed capacity at NHPMC will positively impact competition by narrowing the gap of control that remains between Novant Health and Atrium Health in Mecklenburg County. The project will positively impact cost effectiveness, quality, and access by medically underserved groups.”

The information is reasonable and adequately supported for the following reasons:

- The applicant uses verifiable historical data from NH Presbyterian to support its belief that it needs additional acute care bed capacity at NH Presbyterian.
- The applicant identifies circumstances at NH Presbyterian that support its belief that it needs additional acute care bed capacity at NH Presbyterian, such as the 21% increase in ALOS (excluding NICU) from 4.2 days in FY2018 to 5.0 days in FY2024.
- The applicant provides reliable data, makes reasonable statements about the data, and uses reasonable assumptions about the data to demonstrate the projected population growth in the area and the projected growth of the population age 65+ and older in the area.

**Projected Utilization** – On Forms C.1a and C.1b in Section Q, the applicant provides historical and projected utilization, as illustrated in the following table.

<b>NH Presbyterian Historical &amp; Projected Utilization – Acute Care Beds</b>				
	<b>CY 2023</b>	<b>FY 1 (CY 2030)</b>	<b>FY 2 (CY 2031)</b>	<b>FY 3 (CY 2032)</b>
# of Beds	445*	582	582	582
# of Discharges	25,895	33,193	34,367	35,581
# of Patient Days	128,202	167,323	173,241	179,364
ALOS (in days)	5.0	5.0	5.0	5.0
Occupancy Rate	78.9%	78.8%	81.6%	84.4%

\*Excludes NICU beds

In the Form C Assumptions and Methodology subsection of Section Q, the applicant provides the assumptions and methodology used to project utilization for NH Presbyterian, which are summarized below.

The applicant provided historical and projected utilization for Novant Health Mecklenburg County facilities excluding NICU beds due to the changes in the 2024 SMFP acute care bed methodology which excludes NICU beds.

- The applicant incorporated its utilization projections from previously-approved projects to project utilization system-wide and the impacts on NH Presbyterian.
  - Project ID #F-7648-06: The applicant was approved to add 14 acute care beds at Novant Health Mint Hill. In October 2020, Novant Health filed a material compliance request and received Agency approval to place these beds at NHPMC.

- Project ID #F-12144-21: The applicant's assumptions and methodology used in this project approving the addition of 15 acute care beds at Novant Health Presbyterian Medical Center.
- Project ID #F-12293-22: The applicant's assumptions and methodology used in this project approving the addition of 15 acute care beds at Novant Health Presbyterian Medical Center.
- Project ID #F-11808-19: The applicant's assumptions and methodology used in this project approving the addition of 20 acute care beds at Novant Health Presbyterian Medical Center.
- Project ID #F-11993-20: The applicant's assumptions and methodology used to project utilization at Novant Health Steele Creek (NH Steele Creek) have remained the same. This facility is scheduled to open in October 2025.
- Project ID #F-12457-23: The applicant's assumptions and methodology used in this project approving the addition of 36 acute care beds at Novant Health Presbyterian Medical Center.

#### Novant Health System Acute Care Beds

##### **Step 1: Adopt Projections in CON Project ID #F-11993-20 (Novant Health Steele Creek Application)**

The applicant projected acute care discharges and days at Novant Health Steele Creek and the projected percentage of acute care discharges at Novant Health Steele Creek shifted from existing Novant Health Mecklenburg hospitals through CY 2028. Because more recent data unaffected by the impact of COVID-19 are limited, the applicant believes these projections are still reasonable and provides its assumptions and methodology in Exhibit Q.1.

##### **Step 2: Adopt Novant Health Ballantyne Projections in CON Project ID F-11808-19**

The applicant filed a CON application and was approved for twenty additional acute care beds at Novant Health Matthews in Project ID #F-11808-19. In that application, the applicant updated the acute care utilization projections for Novant Health Ballantyne. The applicant believes the projections are still reasonable for this project and provides its assumptions and methodology in Exhibit Q.1. Additionally, the applicant states,

*“Because more recent data unaffected by the impact of COVID-19 are limited and Novant Health Ballantyne recently opened in June 2023, Novant Health believes the projections are still reasonable for the project years for this application. Additionally, based on NH Ballantyne’s actual utilization during its first 12 months compared to projected utilization, Novant Health determined that the projections are still reasonable for the project years for this application.”*

**Step 3: Project Baseline Acute Care Discharges for Novant Health Presbyterian, Novant Health Huntersville, and NH Matthews**

The applicant states that some acute care patients are expected to shift from existing hospitals to Novant Health Ballantyne and Novant Health Steele Creek. To determine the baseline acute days of care before the shift, the applicant analyzed historical acute care utilization at Novant Health Presbyterian, Novant Health Huntersville, and Novant Health Matthews. The applicant states that utilization at NHPMC, and across the entire Novant Health system, has been impacted by the COVID-19 pandemic. NHPMC FY2021 and FY2022 days of care were elevated by intermittent surges in COVID-19 hospitalizations and the rebounding of inpatient volumes from elective procedures delayed during FY2020. NHPMC's FFY2023 acute care utilization has stabilized while still reflecting growth in utilization compared to pre-pandemic volumes. The applicant projects "Baseline" acute care days of care at NHPMC using its facility-specific FFY18-FFY23 annualized inpatient days of care (excluding NICU) CAGR (3.4%) and then adjusts for the shift of acute care days of care to Novant Health's new community hospitals described in Steps 1 and 2 above. In addition, NHPMC will operationalize the 26 acute care beds approved in Project ID# F-12457-23 which will accommodate future growth. The applicant believes this growth rate is reasonable and supported by the historical utilization at NHPMC.

**Step 4: Project Acute Care Days of Care at existing Novant Health Hospitals after Shifts to Novant Health Steele Creek and Novant Health Ballantyne**

The applicant projected baseline acute care discharges less the shifts of acute care discharges to Novant Health Steele Creek and Novant Health Ballantyne, as illustrated in the tables below.

<b>Novant Health Inpatient Days of Care (excluding NICU) After Shifts to Novant Health Steele Creek and Novant Health Ballantyne</b>						
	<b>CY2024</b>	<b>CY2028</b>	<b>CY2029</b>	<b>CY2030</b>	<b>CY2031</b>	<b>CY2032</b>
NH Presbyterian Days of Care	140,580	160,929	166,461	178,102	178,102	184,224
Shift to NH Ballantyne	2,155	3,098	3,098	3,098	3,098	3,098
Shift to NH Steele Creek	--	1,422	1,762	1,762	1,762	1,762
<b>NH Presbyterian Days of Care</b>	<b>138,425</b>	<b>156,409</b>	<b>161,601</b>	<b>167,323</b>	<b>173,241</b>	<b>179,364</b>

	<b>CY2024</b>	<b>CY2028</b>	<b>CY2029</b>	<b>CY2030</b>	<b>CY2031</b>	<b>CY2032</b>
NH Huntersville Days of Care	34,160	37,983	39,004	40,052	41,129	42,234
Shift to NH Ballantyne	21	31	31	31	31	31
Shift to NH Steele Creek	--	71	88	88	88	88
<b>NH Huntersville Days of Care</b>	<b>34,139</b>	<b>37,881</b>	<b>38,885</b>	<b>39,933</b>	<b>41,009</b>	<b>42,115</b>

	<b>CY2024</b>	<b>CY2028</b>	<b>CY2029</b>	<b>CY2030</b>	<b>CY2031</b>	<b>CY2032</b>
NH Matthews Days of Care	42,202	45,575				
Shift to NH Ballantyne	1,966	2,850	2,850	2,850	2,850	2,850
Shift to NH Steele Creek	--	142	176	176	176	176
<b>NH Matthews Days of Care</b>	<b>40,236</b>	<b>42,583</b>	<b>43,433</b>	<b>44,335</b>	<b>45,254</b>	<b>46,191</b>

Source: Section Q, Form C Methodology and Assumptions, pages 127-128

Shifts to Ballantyne beyond CY2027 are for illustrative purposes only.

Shifts to Steele Creek beyond CY2029 are for illustrative purposes only.

### **Step 5: Project Acute Care Discharges (excluding NICU) at NHPMC, NHHMC, and NHMMC**

The applicant projects acute care discharges based on the facility specific ALOS during FY2024 annualized.

	<b>CY2024</b>	<b>CY2028</b>	<b>CY2029</b>	<b>CY2030</b>	<b>CY2031</b>	<b>CY2032</b>
NH Presbyterian Days of Care	138,425	156,409	161,601	167,323	173,241	179,364
NH Presbyterian ALOS	5.0	5.0	5.0	5.0	5.0	5.0
NH Presbyterian Discharges	27,460	31,028	32,058	33,193	34,367	35,581

	<b>CY2024</b>	<b>CY2028</b>	<b>CY2029</b>	<b>CY2030</b>	<b>CY2031</b>	<b>CY2032</b>
NH Huntersville Days of Care	34,139	37,881	38,885	39,933	41,009	42,115
NH Huntersville ALOS	3.8	3.8	3.8	3.8	3.8	3.8
NH Huntersville Discharges	8,891	9,865	10,127	10,400	10,680	10,968

	<b>CY2024</b>	<b>CY2028</b>	<b>CY2029</b>	<b>CY2030</b>	<b>CY2031</b>	<b>CY2032</b>
NH Matthews Days of Care	40,236	42,583	43,433	44,335	45,254	46,191
NH Matthews ALOS	4.3	4.3	4.3	4.3	4.3	4.3
NH Matthews Discharges	9,253	9,792	9,988	10,195	10,407	10,622

Source: Section Q, Form C Methodology and Assumptions, pages 128-129

### **Step 6: Project Acute Care Utilization for Novant Health Mint Hill**

The applicant provides historical utilization in the table below.

Year	Discharges	Days	ALOS
FFY2019	2,280	6,382	2.8
FFY2020	2,793	7,391	2.6
FFY2021	3,555	11,112	3.1
FFY2022	3,309	11,698	3.5
FFY2023	2,712	8,335	3.1
FFY2024*	3,041	8,986	3.0
<b>19-23 CAGR</b>	<b>4.4%</b>	<b>6.9%</b>	

Source: Section Q, Form C Methodology and Assumptions, page 129

\*Annualized based on data collected Oct 2023 to April 2024

The applicant then projected acute care utilization at Novant Health Mint Hill by utilizing FFY2024 annualized actual acute care discharges and days and then applied the Mecklenburg County population growth rate (1.6%) each year through 2030.

Novant Health Mint Hill Medical Center Inpatient Days of Care (excluding NICU)							
	Growth Rate	FFY2025	FFY2029	FFY2030	FFY2031	FFY2032	FFY2033
Days of Care	1.6%	9,130	9,730	9,886	10,045	10,206	10,370

Source: Section Q, Form C Methodology and Assumptions, page 130

The applicant then converted inpatient days from Full Fiscal Year to Calendar Year using the formula  $CY=(FY \times 75\%) + [FY+1] \times 25\%$ .

Baseline Inpatient Days of Care Adjusted to Calendar Year (excluding NICU)						
	CY2024	CY2028	CY2029	CY2030	CY2031	CY2032
Days of Care	9,022	9,615	9,769	9,926	10,085	10,247

Source: Section Q, Form C Methodology and Assumptions, page 130

The applicant projected acute care discharges at NHMHC based on the facility specific ALOS during FY2024 annualized (2.9).

NH Mint Hill Inpatient Days of Care & Discharges (excluding NICU)					
	CY2024	CY2029	CY2030	CY2031	CY2032
NH Mint Hill Days of Care	9,022	9,769	9,926	10,085	10,247
NH Mint Hill ALOS	3.0	3.0	3.0	3.0	3.0
NH Mint Hill Discharges	3,053	3,306	3,359	3,413	3,468

Source: Section Q, Form C Methodology and Assumptions, page 130

### Step 7: Project Novant Health System Acute Care Days

The table below summarizes the calculation of projected Novant Health acute care days for its existing and approved facilities in Mecklenburg County during the third project year (CY2032).

<b>Novant Health Mecklenburg County Facility Acute Care Days, CY2028</b>	
<b>Novant Health System - Mecklenburg County</b>	<b>CY2032</b>
Novant Health Presbyterian	179,364
Novant Health Matthews	46,191
Novant Health Huntersville	42,115
Novant Health Mint Hill	10,247
Novant Health Ballantyne	10,977
Novant Health Steele Creek	8,812
Novant Health System - Mecklenburg County	297,705
Licensed Beds (excluding NICU)	999
<b>Novant Health System - Mecklenburg County Occupancy</b>	<b>81.6%</b>

Source: Section Q, Form C Methodology and Assumptions, page 131

As shown in the table above, in the third full fiscal year following project completion, the applicant projects the utilization for all existing, approved, and proposed acute care beds for the hospital system in Mecklenburg County will be 81.6%. This meets the performance standard promulgated in 10A NCAC 14C .3803(5)(d), which requires an applicant proposing to add new acute care beds to a service area to reasonably project that all existing, approved, and proposed acute care beds for this hospital system in the service area will have a utilization of at least 78.0% during the third full fiscal year of operation following project completion when the projected ADC is greater than 400 patients.

In Section Q, Form C.1b, page 113, during in the third full fiscal year following project completion, the applicant projects the utilization for acute care beds at NH Presbyterian will be 84.4%. This meets the performance standard promulgated in 10A NCAC 14C .3803(3), which requires an applicant proposing to add new acute care beds to the applicant hospital to reasonably project that its existing, approved, and proposed acute care beds will have an occupancy rate of at least 78.0% during the third full fiscal year of operation following project completion when the projected ADC is greater than 400.

Projected utilization is reasonable and adequately supported based on the following analysis:

- The applicant provided historical and projected utilization for Novant Health Mecklenburg County facilities excluding NICU beds due to the changes in the 2024 SMFP acute care bed methodology which excludes NICU beds.
- The applicant included data from previously approved projects in addition to updated historical data to project acute care days for all facilities through CY2032. The applicant relies on assumptions consistent with previously approved projects to project future utilization, and there have been no changes that would make reliance on those assumptions in previously approved projects unreasonable.

- The applicant calculated and applied the historical facility specific growth rates to project acute care days at NH Presbyterian and NH Matthews. The applicant calculated and applied half the historical CAGR for NH Huntersville.
- The applicant projected baseline acute care discharges less the shifts of acute care discharges to Novant Health Steele Creek and Novant Health Ballantyne through the third operating year CY2032.
- The applicant uses facility specific ALOS from FY2024 annualized to project acute care discharges.
- The applicant's projections for acute care days at NH Presbyterian assume that it will provide 179,364 acute care days (excluding NICU days) in CY 2032, after a shift of 3,098 acute care days to NH Ballantyne and a shift of 1,762 acute care days to NH Steele Creek.
- The applicant's projections for acute care days at NH Huntersville assume that it will provide 42,115 acute care days (excluding NICU days) in CY 2032, after a shift of 31 acute care days to NH Ballantyne and a shift of 88 acute care days to NH Steele Creek.
- The applicant's projections for acute care days at NH Matthews assume that it will provide **46,191** acute care days (excluding NICU days) in CY 2032, after a shift of 2,850 acute care days to NH Ballantyne and a shift of 176 acute care days to NH Steele Creek.
- The applicant's projections for acute care days at NH Mint Hill are conservative because the application uses the projected Mecklenburg County population CAGR of 1.6% CY2024-CY2030 instead of using the facility's historical CAGR for days of care of 7.1% from FFY2019-FFY2024.
- The applicant uses growth rates that are consistent with or more conservative than the historical growth rates for each facility.

**Access to Medically Underserved Groups** – In Section C, pages 57-58, the applicant describes how it will provide access to medically underserved groups. On page 57, the applicant states:

*“Novant Health has been recognized by organizations such as the Human Rights Campaign (HRC) Foundation and the Centers for Medicare & Medicaid Services for its efforts to promote health equity and reduce healthcare disparities. Novant Health's Department of Equity and Inclusion is committed to ensuring equity such that each person has the appropriate access to opportunities and resources to attain their highest quality of life. ...*

*...the Novant Health Charity Care policies and Business Office policies...do not require any financial payment for individuals requiring an urgent or emergent admission for care as determined to be medically necessary by an admitting physician. Novant Health adheres to a series of Charity Care and related policies that create the framework for access to services by patients with limited financial means (Charity Care, Uninsured Discount, and Catastrophic Settlement Policies).”*

On page 58, the applicant provides the estimated percentage for each medically underserved group, as shown in the following table.

Medically Underserved Groups	% of Total Patients
Low-income persons	20.0%
Racial and ethnic minorities	39.8%
Women	62.3%
Persons aged 65 and older	28.0%
Medicare beneficiaries	32.0%
Medicaid recipients	18.0%

In Section C, page 58, the applicant states it does not keep data on persons with disabilities, but they are not denied access to services.

The applicant adequately describes the extent to which all residents of the service area, including underserved groups, are likely to have access to the proposed services based on the following:

- The applicant provides its Patient Accessibility Policies in Exhibit C.6.
- The applicant provides its Patient Financial Policies in Exhibit L.4.
- The applicant is one of only two health systems in the country to be accredited in the National Committee for Quality Assurance’s new Health Equity Accreditation Plus program.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

**Project ID # F-12574-24/Carolinas Medical Center/Add 89 acute care beds**

The applicant proposes to add 89 acute care beds to CMC, a hospital with 1,256 existing and approved acute care beds on its license, for a total of 1,345 acute care beds upon completion of this project and other projects under development.

**Patient Origin** – On page 31, the 2024 SMFP defines the service area for acute care beds as “... the single or multicounty grouping shown in Figure 5.1.” Figure 5.1, on page 36, shows Mecklenburg County as its own acute care bed service area. Thus, the service area for this facility is Mecklenburg County. Facilities may also serve residents of counties not included in their service area.

The following table illustrates current and projected patient origin.

<b>CMC Current &amp; Projected Patient Origin – Acute Care Beds</b>								
<b>County</b>	<b>Last FY (CY 2023)</b>		<b>FY 1 (CY 2028)</b>		<b>FY 2 (CY 2029)</b>		<b>FY 3 (CY 2030)</b>	
	<b># Patients</b>	<b>% of Total</b>	<b># Patients</b>	<b>% of Total</b>	<b># Patients</b>	<b>% of Total</b>	<b># Patients</b>	<b>% of Total</b>
Mecklenburg	21,843	51.9%	23,585	50.9%	24,334	50.9%	25,141	50.9%
York (SC)	2,697	6.4%	3,032	6.5%	3,130	6.5%	3,232	6.5%
Gaston	2,617	6.2%	2,943	6.4%	3,038	6.4%	3,137	6.4%
Union	2,410	5.7%	2,709	5.8%	2,797	5.8%	2,888	5.8%
Cleveland	1,624	3.9%	1,826	3.9%	1,885	3.9%	1,947	3.9%
Cabarrus	1,536	3.7%	1,727	3.7%	1,783	3.7%	1,841	3.7%
Lancaster (SC)	1,050	2.5%	1,180	2.6%	1,219	2.6%	1,258	2.6%
Lincoln	986	2.3%	1,109	2.4%	1,145	2.4%	1,182	2.4%
Iredell	846	2.0%	952	2.1%	982	2.1%	1,014	2.1%
Catawba	621	1.5%	699	1.5%	721	1.5%	745	1.5%
Stanly	506	1.2%	569	1.2%	587	1.2%	606	1.2%
Other*	5,354	12.7%	6,019	13.0%	6,215	13.0%	6,417	13.0%
<b>Total</b>	<b>42,092</b>	<b>100.0%</b>	<b>46,350</b>	<b>100.0%</b>	<b>47,838</b>	<b>100.0%</b>	<b>49,409</b>	<b>100.0%</b>

Source: Section C, pages 39, 43

\*Other includes other North Carolina counties and other states as listed on pages 39 and 43

In Section C, pages 41-43, the applicant provides the assumptions and methodology used to project patient origin. The applicant states projected patient origin is based on its historical patient origin with adjustments for projected shifts in patients to Atrium Health Lake Norman. The applicant’s assumptions are reasonable and adequately supported based on the following:

- The applicant’s projected patient origin is based in part on its historical patient origin.
- The applicant accounts for a shift in its projected patient origin to a new hospital under development.

**Analysis of Need**

In Section C, pages 45-74, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- CMC is the sole provider of quaternary care in Mecklenburg County and the surrounding area, and despite adding beds and shifting lower acuity patients to its other hospitals in the county, CMC's occupancy has continued to increase pre and post pandemic. (page 46)
- The applicant states it has relied on waivers to operate on temporary bed overflow status to accommodate bed need, including under Executive Order 130 and later under the COVID-19 bed waiver for the national public health emergency, which allowed hospitals to utilize as many beds as could be accommodated in hospital space when needed. The applicant states that it has operated more beds under the COVID-19 waiver than are permitted under temporary bed overflow status. (page 46)
- The applicant states CMC operated at a capacity of 97.0%<sup>3</sup> during CY 2023. CMC's utilization rates are based on its midnight census, which is one of the least busy times of day at the hospital. The applicant states different times of day and different times of year have higher censuses; the applicant states that CMC is projected to operate at 104 percent occupancy of licensed beds in CY 2024. (page 46)
- The applicant states that the acute care bed data shown in the 2024 SMFP states that the CMHA system in Mecklenburg County shows a deficit of 300 acute care beds in Mecklenburg County. (page 55 of the application, page 41 of the 2024 SMFP)
- The applicant states capacity issues have regularly led to house patients staying overnight in emergency departments or ED overflow/holding areas before a bed is available for admission. These patients occupy emergency department rooms, which greatly reduces the efficiency and capacity of that department. (page 56)
- The applicant states the need for additional acute care beds is driven by CMC's need for sufficient capacity to care for complex, high acuity patients has steadily increased over time.
- The applicant has experienced growth in demand for specific service lines.
- According to data from the North Carolina Office of State Budget and Management (NC OSBM) and South Carolina Revenue and Fiscal Affairs Office (SC RFA), the population of the area served by Mecklenburg County facilities is projected to grow by a total of 10.1%, or a CAGR of 1.6%, between 2024 and 2030. The applicant further states that Mecklenburg and Union counties in NC and York County in SC are three of the fastest-aging counties in NC and SC for persons aged 65 and older, which means there is increased support for more acute care beds since older residents typically utilize healthcare services at higher rates than younger residents. (pages 70-74)

The information is reasonable and adequately supported for the following reasons:

- The applicant provides historical data demonstrating increasing utilization of acute care beds at CMC.
- The applicant identifies circumstances at CMC that support its belief that it needs additional acute care bed capacity at CMC, such as the impact of lack of space on

---

<sup>3</sup> Source: Section Q, Form C.1a, page 137

surgical patients waiting in the PACU and operating room, and median wait time in the ED for available acute care beds for hospital admission.

- The applicant provides reliable data, makes reasonable statements about the data, and uses reasonable assumptions about the data to demonstrate the projected population growth in the area and the projected growth of the population age 65 and older in the area.

**Projected Utilization** – On Forms C.1a and C.1b in Section Q, the applicant provides historical and projected utilization, as illustrated in the following table.

<b>CMC Acute Care Bed Historical/Projected Utilization</b>				
	<b>CY 2024<sup>^</sup></b>	<b>FY 1 (CY 2028)</b>	<b>FY 2 (CY 2029)</b>	<b>FY 3 (CY 2030)</b>
# of Beds	783	1,126	1,126	1,126
# of Discharges	44,286	46,350	47,838	49,409
# of Acute Care Days	297,418	310,552	320,523	331,050
ALOS	6.7	6.7	6.7	6.7
Occupancy Rate	104.1%	75.6%	78.0%	80.5%

Source: Section Q, Form C.1a and C.1b, pages 139-140

<sup>^</sup>Annualized based on January 1, 2024 – May 31, 2024

In the Form C Utilization – Assumptions and Methodology subsection of Section Q, pages 150-166, the applicant provides the assumptions and methodology used to project utilization, which are summarized below. While AH Mercy is a campus of CMC, and is under CMC’s license, Atrium treats AH Mercy as a separate facility for purposes of projecting utilization.

- The applicant used CY 2024 annualized utilization as the starting point of projected utilization. The applicant states it calculated the annualized utilization by using January 2024 – May 2024 actual utilization and applied historical seasonal utilization patterns from CY 2023.
- The applicant applied the county growth rate multiplier from the 2024 SMFP of 3.25% to project utilization through each of the first three operating years of the project, CY2028-CY2030 for AH Pineville and AH University City. For CMC, the applicant did not project any growth until the opening of the bed tower in CY2027. Following that opening, the applicant applied the county growth rate multiplier of 3.25%
- The applicant applied the Mecklenburg County population growth rate multiplier of 1.6% to project utilization through each of the first three operating years of the project, CY2028-CY2030 for AH Mercy because with no additional beds approved, the facility’s ability to grow will be limited.
- Next, the applicant projected a shift of acute care days to Atrium Health Lake Norman, (Project ID #F-12010-20), a new 30 bed Atrium facility to the service area that is not yet operational. The applicant projected 14,082 acute care days will shift to Atrium Health Lake Norman from other CMHA facilities in Mecklenburg County by CY 2030,

the third full fiscal year of the proposed CMC project. A table is provided on page 157 illustrating the shift in volume from CY2025 through CY2030.

- Next, the applicant accounted for when its previously-approved beds would become operational, adding them to CMC’s bed counts and adjusting average daily census (ADC) and occupancy rates. See table on page 165 of the application.
- As shown in the table provided on page 21 of the findings, in the third operating year following project completion, the applicant projects that the occupancy rate for all of its acute care beds at CMC will be 80.5%. This meets the performance standard promulgated in 10A NCAC 14C.3803 (3) which requires an applicant proposing to add new acute care beds to a service area to reasonably project that the occupancy rate of its existing, approved, and proposed acute care beds during the third full fiscal year of operation following completion of the project equals or exceeds the target occupancy percentage of 78% when the projected ADC is greater than 400.

Atrium Health System

In the Form C Utilization – Assumptions and Methodology subsection of Section Q, the applicant projects acute care bed utilization for the entire health system as summarized below.

CMHA Total Projected Acute Care Utilization							
	Annualized	Interim			OY1	OY2	OY3
	CY 2024*	CY 2025	CY 2026	CY 2027	CY 2028	CY 2029	CY 2030
AH Lake Norman		2,480	9,389	13,165	13,846	14,564	14,802
AH Pineville	103,128	106,380	109,561	112,981	115,001	117,054	119,162
AH Steele Creek					1,641	3,367	5,183
AH University City	38,904	39,281	38,118	38,119	39,271	40,456	41,854
CMC	297,418	296,250	292,997	300,889	310,552	320,523	331,050
AH Mercy	67,972	68,759	68,980	69,626	70,696	71,780	72,953
Total Acute Care Days	<b>507,423</b>	<b>513,150</b>	<b>519,045</b>	<b>534,779</b>	<b>551,007</b>	<b>567,743</b>	<b>585,004</b>
Total ADC	1,390	1,406	1,422	1,465	1,510	1,555	1,603
Total Beds	1,385	1,470	1,503	1,836	1,836	1,836	1,836
Occupancy %	<b>100.4%</b>	<b>95.6%</b>	<b>94.6%</b>	<b>79.8%</b>	<b>82.2%</b>	<b>84.7%</b>	<b>87.3%</b>

Source: Section Q, Form C Assumptions and Methodology, page 165

\*CY 2024 annualized utilization – based on January 2024 – May 2024 actual utilization and CY 2023 historical seasonal utilization.

\*\* Source: Section Q, Form C.1a & C.1b

The Atrium Health System in Mecklenburg County consists of CMC (including AH Mercy), AH Pineville (including AH Steele Creek), and AH University City (including AH Lake Norman). Pursuant to 10A NCAC 14C .3803, an applicant proposing to add new acute care beds to a service area must reasonably project that all acute care beds in the service area under common ownership will have a utilization of at least 78.0% when the

projected ADC is greater than 400 patients in the third full fiscal year following completion of the proposed project.

- The applicant used CY 2024 annualized utilization as the starting point of projected utilization. The applicant states it calculated the annualized utilization by using January 2024 – May 2024 actual utilization and applied historical seasonal utilization patterns from CY 2023.
- The applicant provides a table, on page 152, showing historical utilization for each of its CHMA’s existing hospitals from CY2019 – CY2024 annualized and includes the CAGRs for CY2019-CY2024.
- The applicant states its health system’s utilization grew significantly resulting in a 5.1% CAGR from CY2019-CY2024.
- Next, the applicant projects utilization for each of its existing hospitals, AH Pineville, AH University City, and AH Mercy from CY2024 through the first three fiscal years of the proposed project ending CY2030. The applicant provides a table illustrating the growth rates used for each year for each hospital on page 154 and explains its methodology for each hospital as discussed below.
  - AH Pineville and AH University City utilizations are projected to grow at the growth rate multiplier used in the 2024 SMFP of 3.25%.
  - For AH Mercy, the applicant applies the Mecklenburg County growth rate multiplier of 1.6% from CY2025 through CY2030 and states that since no additional beds have been approved for the facility, Atrium Health Mercy’s ability to grow will be limited.
- Next, the applicant accounts for shifts in patients from all four of its existing hospitals to AH Lake Norman, beginning July 1, 2025, and consistent with previously approved projects, Project ID # F-12010-20, its cost overrun, Project ID # F-12319-23, and revised volumes provided upon settlement. In August of 2024, CMHA submitted a change of scope application (Project ID # F-12544-24) to relocate an additional 23 undeveloped acute care beds from CMC to Atrium Health Lake Norman that would become operational in CY 2026. These changes are illustrated in the following table.

Projected Acute Care Days to Shift to Atrium Health Lake Norman by Facility of Origin						
	CY2025	CY2026	CY2027	CY2028	CY2029	CY2030
Atrium Health Pineville	-100	-379	-533	-561	-590	-600
Atrium Health University City	-887	-3,356	-4,703	-4,943	-5,195	-5,280
CMC	-1,169	-4,421	-6,196	-6,513	-6,847	-6,958
Atrium Health Mercy	-324	-1,232	-1,734	-1,830	-1,932	-1,963
<b>Atrium Health Lake Norman Total Days</b>	<b>-2,480</b>	<b>-9,389</b>	<b>-13,165</b>	<b>-13,846</b>	<b>-14,564</b>	<b>-14,802</b>

Source: Section Q, Form C, page 157, Assumptions and Methodology

- The applicant states that it accounts for AH Pineville’s approved additional acute care beds to be added in CY2025 (25 from Project ID# F-12147-21, and five from Project ID# F-12280-22) and 42 beds from Project ID# F-12446-23. A table illustrating projected utilization is provided on page 158.
  - In addition, AH Pineville was approved to relocate 26 beds from its main campus to an adjacent satellite campus, AH Steele Creek (Project ID# F-12084-21). The applicant expects the shift in volume to begin in CY2025 and provides a table illustrating this on page 159.
  - The applicant accounts for the above shift and its impact on AH Pineville’s main campus as illustrated in the second table on page 159.
- The applicant accounts for previously approved projects to add beds to AH University City, Project ID# F-12146-21 (add 8 beds) and Project ID# F-12282-22 (add 8 beds), and adds the 10 beds approved in Project ID# F-12444-23. A table illustrating projected utilization is provided on page 160.
- The applicant states that projected utilization for AH Lake Norman is entirely comprised of shifted volume from CMHA’s existing hospitals in Mecklenburg County. AH Lake Norman was added to the license of AH University City upon a material compliance approval issued by the Agency in September 2023. The applicant provides a table illustrating projected acute care days for AH University City, AH Lake Norman, and for both facilities combined on page 161.
- The applicant provides tables on page 164 illustrating projected utilization for AH Mercy accounting for shifts of acute care days to AH Lake Norman and for CMC and AH Mercy combined, respectively.

The table below summarizes the applicant’s assumptions and methodology used to project shifts in acute care days from each Atrium hospital in Mecklenburg County and projected acute care days at each hospital through CY 2030.

Summary of Projected Shifts in Acute Care Days							
	Current	Interim			PY1	PY2	PY3
	CY 2024*	CY 2025	CY 2026	CY 2027	CY 2028	CY 2029	CY 2030
<b>CMC</b>							
Acute Care Days	297,418	297,418	297,418	307,084	317,065	327,369	338,009
Projected Shifts^^		-1,169	-4,421	-6,196	-6,513	-6,847	-6,958
Adjusted Acute Care Days	<b>297,418</b>	<b>296,250</b>	<b>292,997</b>	<b>300,889</b>	<b>310,552</b>	<b>320,523</b>	<b>331,050</b>
<b>AH Mercy</b>							
Acute Care Days	67,972	69,083	70,212	71,360	72,526	73,712	74,916
Projected Shifts^^		-324	-1,232	-1,734	-1,830	-1,932	-1,963
Adjusted Acute Care Days		<b>68,759</b>	<b>68,980</b>	<b>69,626</b>	<b>70,696</b>	<b>71,780</b>	<b>72,953</b>
<b>AH Pineville</b>							
Acute Care Days	103,128	106,480	109,940	113,513	117,203	121,012	124,944
Projected Shifts^					-1,641	-3,367	-5,183
Projected Shifts^^		-100	-379	-533	-561	-590	-600
Adjusted Acute Care Days	<b>103,128</b>	<b>106,380</b>	<b>109,561</b>	<b>112,981</b>	<b>115,001</b>	<b>117,054</b>	<b>119,162</b>
<b>AH Steele Creek</b>							
Acute Care Days					1,641	3,367	5,183
<b>AH University City</b>							
Acute Care Days	38,904	40,169	41,474	42,822	44,214	45,651	47,134
Projected Shifts^^		-887	-3,356	-4,703	-4,943	-5,195	-5,280
Adjusted Acute Care Days	<b>38,904</b>	<b>39,281</b>	<b>38,118</b>	<b>38,119</b>	<b>39,271</b>	<b>40,456</b>	<b>41,854</b>
<b>AH Lake Norman</b>							
Acute Care Days		<b>2,480</b>	<b>9,389</b>	<b>13,165</b>	<b>13,846</b>	<b>14,564</b>	<b>14,802</b>

**Source:** Section Q, Form C Assumptions and Methodology, pages 157-164,

\*CY 2024 annualized utilization – based on January 2024 – May 2024 actual utilization and CY 2023 historical seasonal utilization.

^Projected shifts to AH Steele Creek

^^Projected Shifts to Lake Norman

Atrium Health System Summary – The following table illustrates projected utilization for all existing, approved, and proposed acute care beds at all Atrium hospitals in Mecklenburg County.

Mecklenburg County - Atrium Projected Total Acute Care Bed Utilization			
	FY1 (CY 2028)	FY2 (CY 2029)	FY3 (CY 2030)
Atrium Health Pineville	115,001	117,054	119,162
Atrium Steele Creek	1,641	3,367	5,183
Atrium Health University City	39,271	40,456	41,854
Carolinas Medical Center	310,552	320,523	331,050
Atrium Health Mercy	70,696	71,780	72,953
Atrium Health Lake Norman	13,846	14,564	14,802
Projected Total Acute Care Bed Days	<b>551,007</b>	<b>567,743</b>	<b>585,004</b>
ADC	1,510	1,555	1,603
Total # of Beds	1,836	1,836	1,836
Occupancy %	<b>82.2%</b>	<b>84.7%</b>	<b>87.3%</b>

**Source:** Section Q, Form C, page 165, Assumptions and Methodology

As shown in the table above, in the third operating year following project completion, the applicant projects the average utilization for all acute care beds owned by the applicant in Mecklenburg County will be 87.3%. This meets the performance standard promulgated in 10A NCAC 14C .3803(5)(d), which requires an applicant proposing to add new acute care beds to a service area to reasonably project that all existing, approved, and proposed acute care beds in the service area under common ownership will have a utilization of at least 78.0% when the projected ADC is greater than 400 patients.

Projected utilization is reasonable and adequately supported for the following reasons:

- The applicant relied on historical utilization to project future utilization.
- The applicant used reasonable and adequately supported assumptions which were also consistent with its previously approved acute care bed applications to project future utilization.
- The applicant used a lower growth rate than the historical growth rate to project utilization at each of its existing hospitals.
- The applicant accounted for delays in development of some of its approved projects, adding acute care beds and patient days at the appropriate times.

### **Access to Medically Underserved Groups**

In Section C, page 81, the applicant states:

*“...CMC provides services to all people in need of medical care...*

*... ‘no individual shall be subject to discrimination or denied the benefits of the services, programs, or activities of Atrium Health on the basis of race, color, religion, national origin, age, sex, sexual orientation, gender identity, gender expression, disability or source of payment.’*

In Section C, page 82, the applicant provides the estimated percentage for each medically underserved group in the third fiscal year of the proposed project, as shown in the following table.

<b>Medically Underserved Groups</b>	<b>% of Total Patients</b>
Racial and ethnic minorities	35.5%
Women	60.1%
Persons aged 65 and older	26.6%
Medicare beneficiaries	29.6%
Medicaid recipients	21.5%

In Section C, page 82, the applicant states it does not keep data on low-income persons and persons with disabilities, but they are not denied access to services.

The applicant adequately describes the extent to which all residents of the service area, including underserved groups, are likely to have access to the proposed services based on the following:

- The applicant provides its Patient Non-Discrimination Policy in Exhibit B.20-4, which states it does not exclude or otherwise discriminate against medically underserved groups.
- The applicant provides copies of its financial assistance policies in Exhibit L.4-1.
- The applicant bases its percentages on patients served at CMC in CY2023.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

- (3a) In the case of a reduction or elimination of a service, including the relocation of a facility or a service, the applicant shall demonstrate that the needs of the population presently served will be met adequately by the proposed relocation or by alternative arrangements, and the effect of the reduction, elimination or relocation of the service on the ability of low income persons, racial and ethnic minorities, women, ... persons [with disabilities], and other underserved groups and the elderly to obtain needed health care.

NA – Both Applications

None of the applicants propose to reduce a service, eliminate a service, or relocate a facility or service. Therefore, Criterion (3a) is not applicable to this review.

- (4) Where alternative methods of meeting the needs for the proposed project exist, the applicant shall demonstrate that the least costly or most effective alternative has been proposed.

C – Both Applications

**Project ID #F-12570-24/Novant Health Presbyterian Medical Center/  
Add 80 acute care beds**

The applicant proposes to add 80 new acute care beds to Novant Health Presbyterian Medical Center (NH Presbyterian), a hospital with 502 existing and approved acute care beds, for a total of 582 acute care beds upon completion of this project.

In Section E, pages 68-69, the applicant describes the alternatives considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- Maintain the Status Quo: the applicant states the projected growth in acute care days requires additional beds to provide access; therefore, this was not an effective alternative.
- Develop a Different Number of Acute Care Beds: the applicant states the proposed number of beds is based on the physical capacity of the facility, projected patient demand, a balance between licensed beds and observation beds, and the number of beds needed based on the SMFP. The applicant states the existing facility can accommodate 80 additional acute care beds at this time; therefore, this was not an effective alternative.
- Develop Additional Acute Care Beds at a Different Location: the applicant states it has relocated acute care beds and operating rooms to develop smaller community hospitals and has been approved to develop new acute care beds and operating rooms for new community hospitals. The applicant states that developing beds at NH Presbyterian will ensure adequate access for patients that need advanced services not offered by Novant community hospitals; therefore, this was not an effective alternative.

The applicant adequately demonstrates that the alternative proposed in this application is the most effective alternative to meet the need based on the following:

- The applicant provides credible information to explain why it believes the proposed project is the most effective alternative.
- The application is conforming to all other statutory and regulatory review criteria.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons stated above.

## **Project ID # F-12574-24/Carolinas Medical Center/Add 89 acute care beds**

The applicant proposes to add 89 acute care beds to CMC, a hospital with 1,256 existing and approved acute care beds on its license, for a total of 1,345 acute care beds upon completion of this project and other projects under development.

In Section E, pages 94-95, the applicant describes the alternatives considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- Maintain the Status Quo: the applicant states maintaining the status quo would result in continued delays in treatment for patients, would provide limited options to accommodate future growth, and is not a realistic option for the only quaternary care facility in the region; therefore, this was not an effective alternative.
- Develop Beds at Other CMHA Facilities in Mecklenburg County: the applicant states that while every other existing CMHA facility in Mecklenburg County also needs additional acute care capacity, CMC is the sole provider of quaternary care in Mecklenburg County and the surrounding region; it is imperative that CMC maintain sufficient capacity to care for its higher acuity patients. The applicant believes developing beds at other CMHA facilities in Mecklenburg County and thus fewer acute care beds at CMC to be a less effective alternative at this time for the beds available under the *2024 SMFP*; therefore, this was not an effective alternative.

The applicant adequately demonstrates that the alternative proposed in this application is the most effective alternative to meet the need based on the following:

- The applicant provides credible information to explain why it believes the proposed project is the most effective alternative.
- The application is conforming to all other statutory and regulatory review criteria.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons stated above.

- (5) Financial and operational projections for the project shall demonstrate the availability of funds for capital and operating needs as well as the immediate and long-term financial feasibility of the proposal, based upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.

C – Both Applications

**Project ID #F-12570-24/Novant Health Presbyterian Medical Center/  
Add 80 acute care beds**

The applicant proposes to add 80 new acute care beds to Novant Health Presbyterian Medical Center (NH Presbyterian), a hospital with 502 existing and approved acute care beds, for a total of 582 acute care beds upon completion of this project.

**Capital and Working Capital Costs** – On Form F.1a in Section Q, the applicant projects the total capital cost of the project as shown in the table below.

Construction/Renovation Contract(s)	\$71,699,409
Architect / Engineering Fees	\$7,886,935
Medical Equipment	\$3,637,556
Non-Medical Equipment	\$2,496,290
Furniture	\$2,369,422
Interest during Construction	\$5,731,588
Other (Low Voltage: Nurse Call, overhead paging, CATV; Security)	\$402,000
Contingency	\$9,422,320
<b>Total</b>	<b>\$103,645,520</b>

The applicant provides its assumptions and methodology for projecting capital cost immediately following Form O in Section Q. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions based on the following:

- The applicant provides information on what costs are included in the calculation of each line item in the projected capital cost.
- In Exhibit F.1, the applicant provides a letter from a licensed architect that explains the details behind the capital cost projections and why the projections are reasonable.

In Section F, page 72, the applicant states there will be no working capital costs because NH Presbyterian is an existing and operational facility that currently offers the services proposed in this application.

**Availability of Funds** – In Section F, page 70, the applicant states the entire projected capital expenditure of \$103,645,520 will be funded by Novant’s accumulated reserves.

In Exhibit F.2, the applicant provides a letter dated October 8, 2024, from the Senior Vice President of Operational Finance & Revenue Cycle for Novant, stating that Novant has sufficient accumulated reserves to fund all projected capital costs and committing to providing that funding to develop the proposed project.

Exhibit F.2 also contains a copy of the audited Consolidated Financial Statements and Supplemental Information for Novant Health, Inc. and Affiliates for the years ending December 31, 2023, and 2022. According to the audited Consolidated Financial Statements, as of December 31, 2023, Novant had adequate cash and assets to fund all the capital needs of the proposed project.

The applicant adequately demonstrates the availability of sufficient funds for the capital needs of the project based on the following:

- The applicant provides a letter from the appropriate Novant official confirming the availability of the funding proposed for the capital needs of the project and the commitment to use those funds to develop the proposed project.
- The applicant provides adequate documentation of the accumulated reserves it proposes to use to fund the capital needs of the project.

**Financial Feasibility** – The applicant provided pro forma financial statements for the first three full fiscal years of operation following project completion. On Form F.2b in Section Q, page 134, the applicant projects revenues will not exceed operational expenses the first full fiscal year following project completion. The applicant projects that revenues will exceed operational expenses for the second and third full fiscal years following project completion, as shown in the table below.

<b>NH Presbyterian Revenues and Operating Expenses – Acute Care Services</b>			
	<b>1<sup>st</sup> Full FY CY 2030</b>	<b>2<sup>nd</sup> Full FY CY 2031</b>	<b>3<sup>rd</sup> Full FY CY 2032</b>
Number of Discharges <sup>^</sup>	33,193	34,367	35,581
Total Gross Revenues (Charges)	\$2,526,227,090	\$2,694,055,572	\$2,872,938,981
Total Net Revenue	\$725,521,186	\$773,720,779	\$825,095,299
Total Net Revenue per Discharge	\$21,858	\$22,513	\$23,189
Total Operating Expenses (Costs)	\$727,972,037	\$771,650,056	\$817,768,097
Total Operating Expense per Discharge	\$21,931	\$22,453	\$22,983
<b>Net Income/(Losses)</b>	<b>(\$2,450,851)</b>	<b>\$2,070,723</b>	<b>\$7,327,202</b>

<sup>^</sup>Source: Section Q, Form C.1b, page 113

The assumptions used by the applicant in preparation of the pro forma financial statements are provided immediately following Form O in Section Q. The applicant adequately demonstrates that the financial feasibility of the proposal is reasonable and adequately supported based on the following:

- The applicant clearly details the sources of information it uses to make its projections.

- The applicant provides a reasonable explanation of the historical information it used and why it was used to make projections.
- Projected utilization is based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which is incorporated herein by reference.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion based on the following reasons:

- The applicant adequately demonstrates that the capital costs are based on reasonable and adequately supported assumptions for all the reasons described above.
- The applicant adequately demonstrates availability of sufficient funds for the capital needs of the proposal for all the reasons described above.
- The applicant adequately demonstrates sufficient funds for the operating needs of the proposal and that the financial feasibility of the proposal is based upon reasonable projections of revenues and operating expenses for all the reasons described above.

### **Project ID # F-12574-24/Carolinas Medical Center/Add 89 acute care beds**

The applicant proposes to add 89 acute care beds to CMC, a hospital with 1,256 existing and approved acute care beds on its license, for a total of 1,345 acute care beds upon completion of this project and other projects under development.

**Capital and Working Capital Costs** – On Form F.1a in Section Q, the applicant projects the total capital cost of the project as shown in the table below.

Site Prep/Construction Contract/Landscaping	\$77,590,000
Architect/Engineering Fees	\$7,586,000
Medical Equipment	\$10,514,000
Non-Medical Equipment	\$439,000
Furniture	\$1,744,000
Consultant/Legal Fees	\$220,000
Financing Costs	\$526,406
Interest During Construction	\$5,199,995
Other (Info Systems, Internal allocation, security)	\$16,343,000
<b>Total</b>	<b>\$120,162,401</b>

The applicant provides its assumptions and methodology for projecting capital cost in Section Q. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions based on the following:

- In Section Q immediately following Form F.1a, the applicant provides assumptions about costs included in the calculation of each line item in the projected capital cost.
- The applicant states much of the projections are based on Atrium’s experience or the project architect’s experience in developing similar projects.
- In Exhibit F.1, the applicant provides a cost estimate from a licensed architect that matches the amounts listed in Form F.1a.

In Section F, page 101, the applicant states that there are no projected start-up expenses or initial operating expenses because the project does not involve a new service. This information is reasonable and adequately supported because CMC is an existing hospital and will continue to operate during and after development of the proposed project.

**Availability of Funds** – In Section F, page 96, the applicant states the entire projected capital expenditure of \$120,162,401 will be funded with CMHA’s accumulated reserves.

In Exhibit F.2-1, the applicant provides a letter dated October 15, 2024, from the Executive Vice President and Chief Financial Officer for CMHA, stating that CMHA has sufficient accumulated reserves to fund the projected capital cost and committing to providing that funding to develop the proposed project.

Exhibit F.2-2 contains a copy of Atrium’s Consolidated Financial Statements and Other Financial Information for the year ending December 31, 2023. According to the Basic Financial Statements, as of December 31, 2023, Atrium had adequate cash and assets to fund all the capital needs of the proposed project.

The applicant adequately demonstrates the availability of sufficient funds for the capital needs of the project based on the following:

- The applicant provides a letter from an appropriate CMHA official confirming the availability of the funding proposed for the capital needs of the project and the commitment to use those funds to develop the proposed project.
- The applicant provides adequate documentation of the accumulated reserves it proposes to use to fund the capital needs of the project.

**Financial Feasibility** – The applicant provided pro forma financial statements for the first three full fiscal years of operation following project completion. In Form F.2b, the applicant projects revenues will exceed operating expenses in each of the first three full fiscal years following project completion, as shown in the table below.

<b>Projected Revenues and Operating Expenses – CMC Acute Care Beds</b>			
	<b>1<sup>st</sup> Full FY CY 2028</b>	<b>2<sup>nd</sup> Full FY CY 2029</b>	<b>3<sup>rd</sup> Full FY CY 2030</b>
Total Discharges*	46,350	47,838	49,409
Total Gross Revenues (Charges)	\$1,539,948,667	\$1,637,073,498	\$1,741,568,628
Total Net Revenue	\$406,202,838	\$431,822,122	\$459,385,520
Total Net Revenue per discharge	\$8,764	\$9,027	\$9,298
Total Operating Expenses (Costs)	\$400,295,275	\$422,302,672	\$446,002,318
Total Operating Expenses per discharge	\$8,636	\$8,828	\$9,027
<b>Net Income/(Losses)</b>	<b>\$5,907,563</b>	<b>\$9,519,450</b>	<b>\$13,383,202</b>

\*Source: Section Q, Form C.1b, page 140

The assumptions used by the applicant in preparation of the pro forma financial statements are provided immediately following Forms F.2 and F.3 in Section Q. The applicant adequately demonstrates that the financial feasibility of the proposal is reasonable and adequately supported based on the following:

- The applicant clearly details the sources of data used to project revenues and expenses.
- The applicant based its projections on its own historical experience.
- Projected utilization is based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which is incorporated herein by reference.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant adequately demonstrates that the capital cost is based on reasonable and adequately supported assumptions for all the reasons described above.
  - The applicant adequately demonstrates availability of sufficient funds for the capital needs of the proposal for all the reasons described above.
  - The applicant adequately demonstrates sufficient funds for the operating needs of the proposal and that the financial feasibility of the proposal is based upon reasonable projections of revenues and operating expenses for all the reasons described above.
- (6) The applicant shall demonstrate that the proposed project will not result in unnecessary duplication of existing or approved health service capabilities or facilities.

#### C – Both Applications

The 2024 SMFP includes a need determination for 89 acute care beds in the Mecklenburg County service area.

On page 32, the 2024 SMFP defines the service area for acute care beds as “... *the single or multicounty grouping shown in Figure 5.1.*” Figure 5.1, on page 36, shows Mecklenburg County as its own acute care bed service area. Thus, the service area for this facility is Mecklenburg County. Facilities may also serve residents of counties not included in their service area.

As of the date of this decision, there are 2,666 existing and approved acute care beds, allocated between 10 existing and approved hospitals owned by two providers (Atrium and Novant) in the Mecklenburg County Service Area, as illustrated in the following table.

<b>Mecklenburg County Acute Care Hospital Campuses</b>	
<b>Facility</b>	<b>Existing/Approved Beds</b>
AH Lake Norman	0/30
AH Pineville*	268/72
AH University City	95/26
CMC**	979/277
<b>Atrium Total</b>	<b>1,342/405</b>
NH Ballantyne Medical Center	36/0
NH Huntersville Medical Center	135/12
NH Health Matthews Medical Center	146/20
NH Health Presbyterian Medical Center	469/33
NH Mint Hill Medical Center	36/0
NH Steele Creek Medical Center	0/32
<b>Novant Total</b>	<b>822/97</b>
<b>Mecklenburg County Total</b>	<b>2,164/502</b>

Source: Table 5A, pages 42-43, 2025 SMFP

\*Includes the approved AH Steele Creek campus to be licensed as part of AH Pineville.

\*\*Includes the AH Mercy campus licensed as part of CMC.

**Project ID #F-12570-24/Novant Health Presbyterian Medical Center/  
 Add 80 acute care beds**

The applicant proposes to add 80 new acute care beds to Novant Health Presbyterian Medical Center (NH Presbyterian), a hospital with 502 existing and approved acute care beds, for a total of 582 acute care beds upon completion of this project.

In Section G, page 79, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved acute care beds in Mecklenburg County. On page 79, the applicant states:

*“The proposed project will not result in unnecessary duplication of existing facilities in Mecklenburg County. The robust growth of inpatient acute care services at NHPMC supports the need to develop additional acute care bed capacity at NHPMC.”*

The applicant adequately demonstrates that the proposal would not result in an unnecessary duplication of existing or approved services in the service area based on the following:

- There is a need determination in the 2024 SMFP for the proposed acute care beds.
- The applicant provides information to explain why it believes the proposed project will not unnecessarily duplicate existing or approved acute care beds in Mecklenburg County.

- The applicant adequately demonstrates that the proposed acute care beds are needed in addition to the existing and approved acute care beds. The discussion regarding demonstration of need found in Criterion (3) is incorporated herein by reference.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

### **Project ID # F-12574-24/Carolinas Medical Center/Add 89 acute care beds**

The applicant proposes to add 89 acute care beds to CMC, a hospital with 1,256 existing and approved acute care beds on its license, for a total of 1,345 acute care beds upon completion of this project and other projects under development.

In Section G, page 106, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved acute care bed services in Mecklenburg County. On page 106, the applicant states:

*“The 2024 SMFP includes a need determination for 89 additional acute care beds in Mecklenburg County. In particular, Table 5A in the 2024 SMFP identifies the total system-wide need for [Atrium] as 244 acute care beds.*

*... While CMC has additional beds still under development, projections included in Form C show that without the additional beds proposed in this application, CMC will be forced to operate in the future as it does today – at maximum capacity with no room to accommodate continued patient demand.”*

The applicant adequately demonstrates that the proposal would not result in an unnecessary duplication of existing or approved services in the service area based on the following:

- There is a need determination in the 2024 SMFP for the proposed acute care beds.
- The applicant provides information to explain why it believes the proposed project will not unnecessarily duplicate existing or approved acute care beds in Mecklenburg County.

- The applicant adequately demonstrates that the proposed acute care beds are needed in addition to the existing and approved acute care beds in Mecklenburg County. The discussion regarding demonstration of need found in Criterion (3) is incorporated herein by reference.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

- (7) The applicant shall show evidence of the availability of resources, including health manpower and management personnel, for the provision of the services proposed to be provided.

C – Both Applications

**Project ID #F-12570-24/Novant Health Presbyterian Medical Center/  
 Add 80 acute care beds**

The applicant proposes to add 80 new acute care beds to Novant Health Presbyterian Medical Center (NH Presbyterian), a hospital with 502 existing and approved acute care beds, for a total of 582 acute care beds upon completion of this project.

On Form H in Section Q, the applicant provides current and projected full-time equivalent (FTE) staffing for the proposed services, as illustrated in the following table.

<b>NH Presbyterian Current &amp; Projected Staffing (in FTEs)</b>				
<b>Position</b>	<b>Current</b>	<b>Projected – FYs 1-3</b>		
	<b>12/31/2023</b>	<b>CY 2030</b>	<b>CY 2031</b>	<b>CY 2032</b>
Registered Nurses	732.4	922.6	951.8	980.9
Certified Nurse Aides/ Nursing Assistants	198.2	256.7	271.6	286.5
Director of Nursing	3.0	3.0	3.0	3.0
Clerical	67.0	72.0	77.0	82.0
<b>Total Staffing</b>	<b>1,001</b>	<b>1,254</b>	<b>1,303</b>	<b>1,352</b>

The assumptions and methodology used to project staffing are provided immediately following Form O in Section Q. Adequate costs for the health manpower and management positions proposed by the applicant are budgeted in Form F.3a, which is found in Section Q. In Section H, pages 80-82, the applicant describes the methods to be used to recruit or

fill new positions and its proposed training and continuing education programs. The applicant provides supporting documentation in Exhibit H-3.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services based on the following:

- The applicant adequately demonstrates it has experience in acquiring sufficient personnel to provide services and provides documentation about the ways it has done so in the past that will be used for the proposed project.
- The applicant adequately documents the number of FTEs it projects will be needed to offer the proposed services.
- The applicant accounts for projected salaries and other costs of employment in its projected operating expenses found on Form F.3a in Section Q.
- The applicant provides adequate documentation of its proposed recruitment, training, and continuing education programs.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

### **Project ID # F-12574-24/Carolinas Medical Center/Add 89 acute care beds**

The applicant proposes to add 89 acute care beds to CMC, a hospital with 1,256 existing and approved acute care beds on its license, for a total of 1,345 acute care beds upon completion of this project and other projects under development.

On Form H in Section Q, the applicant provides current and projected full-time equivalent (FTE) staffing for the proposed services, as illustrated in the following table.

<b>CMC Acute Care Beds Current &amp; Projected Staffing (in FTEs)</b>				
<b>Position</b>	<b>Current</b>	<b>Projected – FYs 1-3</b>		
	<b>12/31/2023</b>	<b>CY 2028</b>	<b>CY 2029</b>	<b>CY 2030</b>
Registered Nurses	1,483.9	1,685.1	1,736.8	1,791.4
Certified Nurse Aides/Nursing Assistants	53.1	57.6	59.5	61.5
License Practical Nurse	8.4	9.2	9.5	9.8
Technicians	383.1	415.6	428.9	443.0
Clerical	71.2	77.2	79.7	82.3
Supervisory	46.1	50.0	51.6	53.3
Business Office	8.4	9.2	9.5	9.8
Temporary Help	123.7	58.7	63.0	67.5
<b>Total Staffing</b>	<b>2,178.1</b>	<b>2,362.7</b>	<b>2,438.5</b>	<b>2,518.6</b>

The assumptions and methodology used to project staffing are provided on Form H Assumptions immediately following Form H in Section Q. Adequate costs for the health manpower and management positions proposed by the applicant are budgeted in Form F.3b, which is found in Section Q. In Section H, pages 108-110, the applicant describes the methods used to recruit or fill new positions and its existing training and continuing education programs.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services based on the following:

- The applicant adequately demonstrates it has experience in acquiring sufficient personnel to provide services and the ways it has done so in the past that will be used for the proposed project.
- The applicant adequately documents the number of FTEs it projects will be needed to offer the proposed services.
- The applicant’s projections for FTEs are based on its own historical experience.
- The applicant accounts for projected salaries and other costs of employment in its projected operating expenses found on Form F.3b in Section Q.
- The applicant provides adequate documentation of its proposed recruitment, training, and continuing education programs.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons described above.

- (8) The applicant shall demonstrate that the provider of the proposed services will make available, or otherwise make arrangements for, the provision of the necessary ancillary and support services. The applicant shall also demonstrate that the proposed service will be coordinated with the existing health care system.

C – Both Applications

**Project ID #F-12570-24/Novant Health Presbyterian Medical Center/  
Add 80 acute care beds**

The applicant proposes to add 80 new acute care beds to Novant Health Presbyterian Medical Center (NH Presbyterian), a hospital with 502 existing and approved acute care beds, for a total of 582 acute care beds upon completion of this project.

**Ancillary and Support Services** – In Section I, page 84, the applicant identifies the necessary ancillary and support services for the proposed services. In Section I, page 84, the applicant explains how each ancillary and support service will be made available. The applicant adequately demonstrates that the necessary ancillary and support services will be made available based on the applicant’s statement that the ancillary and support services are already available and will continue to be available to all patients receiving acute care services at NH Presbyterian.

**Coordination** – In Section I, pages 85-86, the applicant describes Novant’s existing and proposed relationships with other local health care and social service providers and provides supporting documentation in Exhibit 1.2. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system based on the following:

- The applicant is part of a large and existing healthcare system in Mecklenburg County, is currently offering the same services it proposes to develop and has established relationships with other local health care and social services providers.
- In Exhibit 1.2, the applicant provides letters from local physicians and healthcare providers documenting their support for Novant.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments

- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

### **Project ID # F-12574-24/Carolinas Medical Center/Add 89 acute care beds**

The applicant proposes to add 89 acute care beds to CMC, a hospital with 1,256 existing and approved acute care beds on its license, for a total of 1,345 acute care beds upon completion of this project and other projects under development.

**Ancillary and Support Services** – In Section I, page 112, the applicant identifies the necessary ancillary and support services for the proposed services. In Section I, pages 112-113, the applicant explains how each ancillary and support service is made available and provides supporting documentation in Exhibit I.1. The applicant adequately demonstrates that the necessary ancillary and support services will be made available based on the following:

- The applicant is currently providing the necessary ancillary and support services at the same facility where it proposes to develop the additional acute care beds.
- In Exhibit I.1, the applicant provides a letter from a facility executive at CMC, attesting to the existence of the necessary ancillary and support services and committing to continue to provide the necessary ancillary and support services for the proposed project.

**Coordination** – In Section I, page 113, the applicant describes CMC's existing and proposed relationships with other local health care and social service providers and provides supporting documentation in Exhibit I.2. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system based on the following:

- The applicant is part of a large and existing healthcare system in Mecklenburg County, is currently offering the same services it proposes to develop and has established relationships with other local health care and social services providers.
- In Exhibit I.2, the applicant provides letters from local physicians and healthcare providers documenting their support for the project.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments

- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

- (9) An applicant proposing to provide a substantial portion of the project's services to individuals not residing in the health service area in which the project is located, or in adjacent health service areas, shall document the special needs and circumstances that warrant service to these individuals.

NA – Both Applications

None of the applicants project to provide the proposed services to a substantial number of persons residing in Health Service Areas (HSAs) that are not adjacent to the HSA in which the services will be offered. Furthermore, none of the applicants project to provide the proposed services to a substantial number of persons residing in other states that are not adjacent to the North Carolina county in which the services will be offered. Therefore, Criterion (9) is not applicable to this review.

- (10) When applicable, the applicant shall show that the special needs of health maintenance organizations will be fulfilled by the project. Specifically, the applicant shall show that the project accommodates: (a) The needs of enrolled members and reasonably anticipated new members of the HMO for the health service to be provided by the organization; and (b) The availability of new health services from non-HMO providers or other HMOs in a reasonable and cost-effective manner which is consistent with the basic method of operation of the HMO. In assessing the availability of these health services from these providers, the applicant shall consider only whether the services from these providers:
- (i) would be available under a contract of at least 5 years duration;
  - (ii) would be available and conveniently accessible through physicians and other health professionals associated with the HMO;
  - (iii) would cost no more than if the services were provided by the HMO; and
  - (iv) would be available in a manner which is administratively feasible to the HMO.

NA – Both Applications

None of the applicants are HMOs. Therefore, Criterion (10) is not applicable to this review.

- (11) Repealed effective July 1, 1987.
- (12) Applications involving construction shall demonstrate that the cost, design, and means of construction proposed represent the most reasonable alternative, and that the construction project will not unduly increase the costs of providing health services by the person proposing the construction project or the costs and charges to the public of providing health services by other persons, and that applicable energy saving features have been incorporated into the construction plans.

C – Both Applications

**Project ID #F-12570-24/Novant Health Presbyterian Medical Center/  
Add 80 acute care beds**

The applicant proposes to add 80 new acute care beds to Novant Health Presbyterian Medical Center (NH Presbyterian), a hospital with 502 existing and approved acute care beds, for a total of 582 acute care beds upon completion of this project.

In Section K, page 89, the applicant states that the project involves constructing 89,599 square feet of new space. Line drawings for the new construction are provided in Exhibit K.1. The applicant also states they are renovating 2,360 square feet of existing space currently used for observation patients. Line drawings for the renovated space are provided in Exhibit K.2.

In Section K, page 90, the applicant adequately explains how the cost, design, and means of construction represent the most reasonable alternative for the proposal based on the following:

- The applicant states the project architect has reviewed the necessary construction for the proposed project and has estimated project costs.
- The applicant identified alternatives and determined the proposed project was the most reasonable alternative.

On page 90, the applicant adequately explains why the proposal will not unduly increase the costs to the applicant of providing the proposed services or the costs and charges to the public for the proposed services based on the following:

- The applicant states the project costs incurred by Novant Health will be spread over the projected utilization and across the larger healthcare system.
- The applicant states the payment rates are set by the federal government and third parties and will not increase the cost to NHPMC or the patients.

In Section K, page 90, the applicant identifies any applicable energy saving features that will be incorporated into the construction plans, and has provided supporting documentation in Exhibit K.3.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

### **Project ID # F-12574-24/Carolinas Medical Center/Add 89 acute care beds**

The applicant proposes to add 89 acute care beds to CMC, a hospital with 1,256 existing and approved acute care beds on its license, for a total of 1,345 acute care beds upon completion of this project and other projects under development.

In Section K, page 116, the applicant states that the project involves renovating 38,189 square feet of existing space on Levels 10 and 12 of the patient bed tower under development and in Levine Children's Hospital located on CMC's main campus. Line drawings are provided in Exhibit C.1-2.

On September 30, 2020, the Agency determined that a proposal from CMHA to construct a new patient tower on the campus of CMC was exempt from review pursuant to G.S. 131E-184(g). In that request, Atrium proposed to develop a 12-story patient tower which would be adjacent to and connected to CMC. The applicant proposes to develop 79 of the additional acute care beds proposed in this application will be developed on Levels 10 and 12 of a new patient tower currently under construction on CMC's main campus that is anticipated to open on April 1, 2027. The remaining 10 additional acute care beds proposed in this application will be developed across three floors of Levine Children's Hospital (LCH) on CMC's main campus – six beds on Level 05, two beds on Level 08, and two beds on Level 10.

In Section K, pages 116-117, the applicant adequately explains how the cost, design, and means of construction represent the most reasonable alternative for the proposal based on the following:

- The applicant states the proposed acute care beds will be developed in the new patient tower already under construction.
- The applicant states that the layout of the spaces to be used are based on a configuration that provides the most efficient circulation and throughput for patients and caregivers and that the exterior envelope of the tower will be energy efficient and low maintenance.
- The applicant states that by developing the acute care beds in the patient tower under construction, it can add acute care bed capacity and develop it efficiently at a reasonable cost.

On page 117, the applicant adequately explains why the proposal will not unduly increase the costs to the applicant of providing the proposed services or the costs and charges to the public for the proposed services based on the following:

- The applicant states conservative fiscal management has allowed CMHA to set aside past excess revenues to pay for the proposed project without necessitating an increase in costs or charges.
- The applicant states that even if the proposed project is funded with debt, the applicant can do so without increasing costs or charges.

In Section B, pages 34-35, the applicant identifies any applicable energy saving features that will be incorporated into the construction plans.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

- (13) The applicant shall demonstrate the contribution of the proposed service in meeting the health-related needs of the elderly and of members of medically underserved groups, such as medically indigent or low income persons, Medicaid and Medicare recipients, racial and ethnic minorities, women, and ... persons [with disabilities], which have traditionally experienced difficulties in obtaining equal access to the proposed services, particularly those needs identified in the State Health Plan as deserving of priority. For the purpose of determining the extent to which the proposed service will be accessible, the applicant shall show:
- (a) The extent to which medically underserved populations currently use the applicant's existing services in comparison to the percentage of the population in the applicant's service area which is medically underserved;

C – Both Applications

**Project ID #F-12570-24/Novant Health Presbyterian Medical Center/Add 80 acute care beds**

In Section L, page 92, the applicant provides the historical payor mix during CY 2023 at NH Presbyterian, as shown in the table below.

<b>NH Presbyterian Historical Payor Mix – CY 2023</b>	
<b>Payor Category</b>	<b>Entire Facility</b>
Charity Care	4.0%
Medicare*	27.6%
Medicaid*	19.4%
Insurance*	43.7%
Other (Institutional, Other Gov't, Worker's Comp)	5.3%
<b>Total</b>	<b>100.0%</b>

\*Including any managed care plans.

Source: Novant internal data

In Section L, page 93, the applicant provides the following comparison.

<b>NH Presbyterian</b>	<b>Percentage of Total Patients Served During CY 2023</b>	<b>Percentage of the Population of Mecklenburg County</b>
Female	62.3%	51.7%
Male	37.7%	48.3%
Unknown	0.1%	0.0%
64 and Younger	72.4%	87.7%
65 and Older	28.0%	12.3%
American Indian	0.4%	1.0%
Asian	2.6%	6.7%
Black or African American	36.9%	32.8%
Native Hawaiian or Pacific Islander	0.1%	0.1%
White or Caucasian	48.3%	43.9%
Other Race	7.8%	2.7%
Declined / Unavailable	3.9%	0.0%

Source: Novant internal data; US Census Bureau

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the applicant adequately documents the extent to which medically underserved populations currently use the applicant's existing services in comparison to the percentage of the population in the applicant's service area which is medically underserved. Therefore, the application is conforming to this criterion.

**Project ID #F-12574-24/Carolinas Medical Center/Add 89 acute care beds**

In Section L, page 120, the applicant provides the historical payor mix during CY 2023 at CMC, as shown in the table below.

<b>CMC Historical Payor Mix – CY 2023</b>	
<b>Payor Category</b>	<b>Entire Facility</b>
Self-Pay	11.7%
Medicare*	29.6%
Medicaid*	21.5%
Insurance*	35.0%
Other**	2.1%
<b>Total</b>	<b>100.0%</b>

\*Including any managed care plans.

\*\*Includes Workers Compensation, TRICARE, Department of Corrections, and other payors.

**Source:** Atrium Health internal data

**Note:** The applicant states charity care is provided to patients in any payor category and that its internal data does not include charity care as a payor source.

In Section L, page 121, the applicant provides the following comparison.

<b>CMC</b>	<b>Percentage of Total Patients Served During CY 2023</b>	<b>Percentage of the Population of Mecklenburg County</b>
Female	60.1%	51.7%
Male	39.5%	48.3%
Unknown	0.4%	0.0%
64 and Younger	73.4%	87.7%
65 and Older	26.6%	12.3%
American Indian	0.6%	1.0%
Asian	2.1%	6.7%
Black or African American	29.9%	32.8%
Native Hawaiian or Pacific Islander	0.1%	0.1%
White or Caucasian	54.6%	56.6%
Other Race	2.9%	2.7%
Declined / Unavailable	9.9%	0.1%

**Source:** Atrium Health internal data; US Census Bureau

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the applicant adequately documents the extent to which medically underserved populations currently use the applicant's existing services in comparison to the percentage of the population in the applicant's service area which is medically underserved. Therefore, the application is conforming to this criterion.

- (b) Its past performance in meeting its obligation, if any, under any applicable regulations requiring provision of uncompensated care, community service, or access by minorities and ... persons [with disabilities] to programs receiving federal assistance, including the existence of any civil rights access complaints against the applicant;

C – Both Applications

**Project ID #F-12570-24/Novant Health Presbyterian Medical Center/Add 80 acute care beds**

Regarding any obligation to provide uncompensated care, community service, or access by minorities and persons with disabilities, in Section L, page 94, the applicant states it has no such obligation.

In Section L, page 94, the applicant states that during the 18 months immediately preceding the application deadline, no patient civil rights access complaints have been filed against the facility or any similar facilities owned by the applicant or a related entity and located in North Carolina.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion.

**Project ID #F-12574-24/Carolinas Medical Center/Add 89 acute care beds**

Regarding any obligation to provide uncompensated care, community service, or access by minorities and persons with disabilities, in Section L, page 122, the applicant states it has no such obligation.

In Section L, page 123, the applicant states that during the 18 months immediately preceding the application deadline, no patient civil rights access complaints have been filed against the facility or any similar facilities owned by the applicant or a related entity, and located in North Carolina.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion.

- (c) That the elderly and the medically underserved groups identified in this subdivision will be served by the applicant's proposed services and the extent to which each of these groups is expected to utilize the proposed services; and

C – Both Applications

**Project ID #F-12570-24/Novant Health Presbyterian Medical Center/Add 80 acute care beds**

In Section L, page 94, the applicant projects the following payor mix during the third full fiscal year of operation following completion of the project, as illustrated in the following table.

<b>NH Presbyterian Projected Payor Mix – FY 3 (CY 2032)</b>		
<b>Payor Category</b>	<b>Entire Facility</b>	<b>Acute Care Services</b>
Self-Pay	0.0%	1.9%
Charity Care	4.0%	2.5%
Medicare*	27.6%	32.5%
Medicaid*	19.4%	17.9%
Insurance*	43.7%	42.9%
Other (Institutional, Other Gov't, Worker's Comp)	5.3%	2.4%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

\*Including any managed care plans.

**Source:** Novant internal data

As shown in the table above, during the third full fiscal year of operation following completion of the project, the applicant projects that 0.0% of total services and 1.9% of acute care services will be provided to self-pay patients, 4.0% of total services and 2.5% of acute care services to charity care patients, 27.6% of total

services and 32.5% of acute care services to Medicare patients, and 19.4% of total services and 17.9% of acute care services to Medicaid patients.

On page 95, the applicant states that it provides charity care to both insured and uninsured patients, and to complete the table above it counted all patients who received charity care in the charity care category and removed them from any of the other payor mix categories they may have also been in.

On pages 95-97, the applicant provides the assumptions and methodology used to project payor mix during the third full fiscal year of operation following completion of the project. The projected payor mix is reasonable and adequately supported based on the following:

- The projected payor mix is based on the CY 2023 historical payor mix.
- The applicant clearly explains how it calculated the charity care payor line and how other payor lines do not include any patients who received charity care.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion based on the reasons stated above.

### **Project ID #F-12574-24/Carolinas Medical Center/Add 89 acute care beds**

In Section L, pages 123-124, the applicant projects the following payor mix during the third full fiscal year of operation following completion of the project, as illustrated in the following table.

<b>CMC Projected Payor Mix – CY 2030</b>		
<b>Payor Category</b>	<b>Entire Facility</b>	<b>Acute Care Beds (CMC campus only)</b>
Self-Pay	11.7%	3.8%
Medicare*	29.6%	39.1%
Medicaid*	21.5%	21.7%
Insurance*	35.0%	31.5%
Other**	2.1%	3.9%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

\*Including any managed care plans.

\*\*Includes Workers Compensation, TRICARE, Department of Corrections, and other payors.

**Source:** Atrium Health internal data

As shown in the table above, during the third full fiscal year of operation following completion of the project, the applicant projects that 11.7% of total services and 3.8% of acute care bed services will be provided to self-pay patients, 29.6% of total services and 39.1% of acute care bed services to Medicare patients, and 21.5% of total services and 21.7% of acute care bed services to Medicaid patients.

In Section L, pages 124-125, the applicant states that Atrium’s internal data does not track charity care as a payor source, that patients in any payor category can receive charity care, and projects that 8.8% of patients will receive charity care. In the assumptions immediately following Forms F.2 and F.3, the applicant states its projected charity care amount is the difference between the gross revenue and net revenue for self-pay patients.

On page 123, the applicant provides the assumptions and methodology used to project payor mix during the third full fiscal year of operation following completion of the project. The projected payor mix is reasonable and adequately supported based on the following:

- The projected patient payor mix is based on the historical patient payor mix.
- The applicant provides reasonable explanations for why it chose to project a payor mix identical to its historical payor mix.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion based on the reasons stated above.

- (d) That the applicant offers a range of means by which a person will have access to its services. Examples of a range of means are outpatient services, admission by house staff, and admission by personal physicians.

C – Both Applications

**Project ID #F-12570-24/Novant Health Presbyterian Medical Center/Add 80 acute care beds**

In Section L, page 98, the applicant adequately describes the range of means by which patients will have access to the proposed services.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion.

**Project ID #F-12574-24/Carolinas Medical Center/Add 89 acute care beds**

In Section L, page 125, the applicant adequately describes the range of means by which patients will have access to the proposed services.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion.

- (14) The applicant shall demonstrate that the proposed health services accommodate the clinical needs of health professional training programs in the area, as applicable.

C – Both Applications

**Project ID #F-12570-24/Novant Health Presbyterian Medical Center/  
Add 80 acute care beds**

The applicant proposes to add 80 new acute care beds to Novant Health Presbyterian Medical Center (NH Presbyterian), a hospital with 502 existing and approved acute care beds, for a total of 582 acute care beds upon completion of this project.

In Section M, page 99, the applicant describes the extent to which health professional training programs in the area will have access to the facility for training purposes. The applicant adequately demonstrates that health professional training programs in the area will have access to the facility for training purposes based on the following:

- The applicant lists some of the health professional training programs it has clinical education agreements with.
- The applicant states all educational programs with clinical agreements will still have the same access upon completion of the proposed project and that the applicant is always open to considering new clinical education programs and institutions.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

**Project ID #F-12574-24/Carolinas Medical Center/Add 89 acute care  
beds**

The applicant proposes to add 89 acute care beds to CMC, a hospital with 1,256 existing and approved acute care beds on its license, for a total of 1,345 acute care beds upon completion of this project and other projects under development.

In Section M, page 126, the applicant describes the extent to which health professional training programs in the area have access to the facility for training purposes and provides supporting documentation in Exhibit M.1. The applicant adequately demonstrates that health professional training programs in the area will have access to the facility for training purposes based on the following:

- The applicant provides documentation of existing health professional training programs in the area which already have access to CMC.
- The applicant describes the clinical education training programs it provides access for and identifies numerous clinical education training programs it partners with to offer both training and access to its facilities.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

- (15) Repealed effective July 1, 1987.
- (16) Repealed effective July 1, 1987.
- (17) Repealed effective July 1, 1987.
- (18) Repealed effective July 1, 1987.

- (18a) The applicant shall demonstrate the expected effects of the proposed services on competition in the proposed service area, including how any enhanced competition will have a positive impact upon the cost effectiveness, quality, and access to the services proposed; and in the case of applications for services where competition between providers will not have a favorable impact on cost-effectiveness, quality, and access to the services proposed, the applicant shall demonstrate that its application is for a service on which competition will not have a favorable impact.

### C – Both Applications

The 2024 SMFP includes a need determination for 89 acute care beds in the Mecklenburg County service area.

On page 32, the 2024 SMFP defines the service area for acute care beds as “... *the single or multicounty grouping shown in Figure 5.1.*” Figure 5.1, on page 36, shows Mecklenburg County as its own acute care bed service area. Thus, the service area for this facility is Mecklenburg County. Facilities may also serve residents of counties not included in their service area.

As of the date of this decision, there are 2,666 existing and approved acute care beds, allocated between 10 existing and approved hospitals owned by two providers (Atrium and Novant) in the Mecklenburg County Service Area, as illustrated in the following table.

<b>Mecklenburg County Acute Care Hospital Campuses</b>	
<b>Facility</b>	<b>Existing/Approved Beds</b>
AH Lake Norman	0/30
AH Pineville*	268/72
AH University City	95/26
CMC**	979/277
<b>Atrium Total</b>	<b>1,342/405</b>
NH Ballantyne Medical Center	36/0
NH Huntersville Medical Center	135/12
NH Health Matthews Medical Center	146/20
NH Health Presbyterian Medical Center	469/33
NH Mint Hill Medical Center	36/0
NH Steele Creek Medical Center	0/32
<b>Novant Total</b>	<b>822/97</b>
<b>Mecklenburg County Total^</b>	<b>2,164/502</b>

Source: Table 5A, pages 42-43, 2025 SMFP

\*Includes the approved AH Steele Creek campus to be licensed as part of AH Pineville.

\*\*Includes the AH Mercy campus licensed as part of CMC.

**Project ID #F-12570-24/Novant Health Presbyterian Medical Center/  
 Add 80 acute care beds**

The applicant proposes to add 80 new acute care beds to Novant Health Presbyterian Medical Center (NH Presbyterian), a hospital with 502 existing and approved acute care beds, for a total of 582 acute care beds upon completion of this project.

Regarding the expected effects of the proposal on competition in the service area, in Section N, pages 101-102, the applicant states:

*“Atrium Health controls 65.5 percent of the existing and approved acute care beds in Mecklenburg County. Novant Health controls only 34.5 percent of the existing and approved acute care beds in Mecklenburg County. Despite CON approval of 26 additional acute care beds during the 2023 Mecklenburg Acute Care Bed Review, Novant Health continues to maintain a minority share of acute care beds in the service area. Therefore, the proposed additional acute care bed capacity at NHPMC will positively impact competition by narrowing the gap of control that remains between Novant Health and Atrium Health in Mecklenburg County.”*

Regarding the impact of the proposal on cost effectiveness, in Section N, page 102, the applicant states:

*“This project will not increase the cost to patients or payors for the inpatient services provided by Novant Health because reimbursement rates are set by the federal government and commercial insurers. The capital expenditure for this project is necessary to ensure that NHPMC will have the capacity to continue to provide high-quality services that are accessible to patients. Locating additional*

*acute care beds on the NHPMC main campus will improve operational efficiency by relieving bottlenecks in the ED...*

*...Novant Health is collaborating with payors and partners to identify payment models that match Novant Health's value-based care delivery. Getting the right care in the right setting at the right price is the future of healthcare. It is what makes healthcare affordable and more sustainable. It is Novant Health's approach to delivering remarkable healthcare so that people can get better and stay healthy."*

See also Sections B, C, F, and Q of the application and any exhibits.

Regarding the impact of the proposal on quality, in Section N, page 103, the applicant states:

*"Novant Health is committed to delivering high-quality care at all of its facilities. Novant Health has quality-related policies and procedures that are applicable to NHPMC. ....*

*NHPMC is accredited by The Joint Commission.*

*All clinical and technical staff are required to maintain appropriate and current licensure and continuing education.*

*NHPMC will continue to adhere to medical staff credentialing policies and procedures to ensure credentialed staff are qualified to deliver care in their area of specialty."*

See also Sections B and O of the application and any exhibits.

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 103, the applicant states:

*"...Novant Health will continue to have a policy to provide services to all patients regardless of income, racial/ethnic origin, gender, physical or mental conditions, age, ability to pay, or any other factor that would classify a patient as underserved. Novant Health's financial assistance policy will apply to the proposed services."*

See also Sections B, C, and L of the application and any exhibits.

The applicant adequately describes the expected effects of the proposed services on competition in the service area and adequately demonstrates the proposal would have a positive impact on cost-effectiveness, quality, and access because the applicant adequately demonstrates that:

- 1) The proposal is cost effective because the applicant adequately demonstrated: a) the need the population to be served has for the proposal; b) that the proposal would not result in

- an unnecessary duplication of existing and approved health services; and c) that projected revenues and operating costs are reasonable.
- 2) Quality care would be provided based on the applicant's representations about how it will ensure the quality of the proposed services and the applicant's record of providing quality care in the past.
  - 3) Medically underserved groups will have access to the proposed services based on the applicant's representations about access by medically underserved groups and the projected payor mix.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion based on all the reasons stated above.

### **Project ID #F-12574-24/Carolinas Medical Center/Add 89 acute care beds**

The applicant proposes to add 89 acute care beds to CMC, a hospital with 1,256 existing and approved acute care beds on its license, for a total of 1,345 acute care beds upon completion of this project and other projects under development.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 128, the applicant states:

*“The proposed project is expected to enhance competition in the service area by promoting cost effectiveness, quality, and access to acute care services.”*

Regarding the impact of the proposal on cost effectiveness, in Section N, page 128, the applicant refers to Section B and on pages 32-33 of that section the applicant states, in part:

*“CMHA believes the additional acute care capacity to care for a growing number of patients at CMC can be developed efficiently at a reasonable cost (given the amount of capacity that the medical center is proposing to add) as part of the much larger patient tower project and LCH renovation while also creating the necessary capacity to care for a growing number of patients.”*

See also Sections C, F, K, and Q of the application and any exhibits.

Regarding the impact of the proposal on quality, in Section N, page 128, the applicant refers to Section B and on pages 27-28 of that section the applicant states, in part:

*“[Atrium] believes that the proposed project will promote safety and quality in the delivery of healthcare services by expanding access to the high-quality services it provides at CMC...”*

*“... The proposed project will allow CMC to expand its acute care capacity, which in turn will allow CMC to better meet patient needs and expectations – thus increasing overall quality and patient satisfaction and promoting competition for quality care in the region.”*

See also Section O of the application and any exhibits.

Regarding the impact of the proposal on access by medically underserved groups, in Section N, pages 128-129, the applicant refers to Section B and on pages 28-32 of that section the applicant states, in part:

*“The proposed project will improve equitable access to acute care services in the service area. CMHA has long-promoted economic access to its services as it historically has provided services to all persons in need of medical care, regardless of race, color, religion, national origin, age, sex, sexual orientation, gender identity, gender expression, disability or source of payment as demonstrated in CMHA’s Non-Discrimination policies...”*

See also Sections C and L of the application and any exhibits.

The applicant adequately describes the expected effects of the proposed services on competition in the service area and adequately demonstrates the proposal would have a positive impact on cost-effectiveness, quality, and access because the applicant adequately demonstrates that:

- 1) The proposal is cost effective because the applicant adequately demonstrated: a) the need the population to be served has for the proposal; b) that the proposal would not result in an unnecessary duplication of existing and approved health services; and c) that projected revenues and operating costs are reasonable.
- 2) Quality care would be provided based on the applicant’s representations about how it will ensure the quality of the proposed services and the applicant’s record of providing quality care in the past.
- 3) Medically underserved groups will have access to the proposed services based on the applicant’s representations about access by medically underserved groups and the projected payor mix.

**Conclusion** – The Agency reviewed the:

- Application

- Exhibits to the application
- Written comments
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion based on all the reasons stated above.

- (19) Repealed effective July 1, 1987.
- (20) An applicant already involved in the provision of health services shall provide evidence that quality care has been provided in the past.

C – Both Applications

**Project ID #F-12570-24/Novant Health Presbyterian Medical Center/  
Add 80 acute care beds**

The applicant proposes to add 80 new acute care beds to Novant Health Presbyterian Medical Center (NH Presbyterian), a hospital with 502 existing and approved acute care beds, for a total of 582 acute care beds upon completion of this project.

On Form O in Section Q, the applicant identifies hospitals located in North Carolina owned, operated, or managed by the applicant or a related entity. The applicant identified 19 existing and approved hospitals in North Carolina.

In Section O, page 107, the applicant states that during the 18 months immediately preceding the submittal of the application, there were no incidents that resulted in a finding of immediate jeopardy at Novant Health Presbyterian Medical Center.

According to the files in the Acute and Home Care Licensure and Certification Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, there were no incidents related to quality of care at NHPMC. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure and Certification Section and considering the quality of care provided at all 12 hospitals, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

**Project ID #F-12574-24/Carolinas Medical Center/Add 89 acute care  
beds**

The applicant proposes to add 89 acute care beds to CMC, a hospital with 1,256 existing and approved acute care beds on its license, for a total of 1,345 acute care beds upon completion of this project and other projects under development.

On Form O in Section Q, the applicant identifies the hospitals located in North Carolina owned, operated, or managed by the applicant or a related entity. The applicant identified a total of 24 hospitals in North Carolina.

In Section O, page 133, the applicant states that during the 18 months immediately preceding the submittal of the application, there were no incidents resulting in a finding of Immediate Jeopardy at any of the hospitals affiliated with Atrium.

According to the files in the Acute and Home Care Licensure and Certification Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, there were no incidents related to quality of care at CMC. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure and Certification Section and considering the quality of care provided at all 24 hospitals, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

(21) Repealed effective July 1, 1987.

G.S. 131E-183 (b): The Department is authorized to adopt rules for the review of particular types of applications that will be used in addition to those criteria outlined in subsection (a) of this section and may vary according to the purpose for which a particular review is being conducted or the type of health service reviewed. No such rule adopted by the Department shall require an academic medical center teaching hospital, as defined by the State Medical Facilities Plan, to demonstrate that any facility or service at another hospital is being appropriately utilized in order for that academic medical center teaching hospital to be approved for the issuance of a certificate of need to develop any similar facility or service.

#### C – Both Applications

#### **10A NCAC 14C .3803 PERFORMANCE STANDARDS**

*An applicant proposing to develop new acute care beds in a hospital pursuant to a need determination in the annual State Medical Facilities Plan in effect as of the first day of the review period shall:*

*(1) document that it is a qualified applicant;*

- C- **Novant Health Presbyterian Medical Center.** NHPMC is an existing acute care hospital with existing acute care beds. In Section C, page 60, and Section B, page 23, the applicant documents that it is a qualified applicant.
- C- **Carolinas Medical Center.** CMC is an existing acute care hospital with existing acute care beds. In Section B, page 25, and Exhibit A.1, the applicant documents that it is a qualified applicant.

(2) *provide projected utilization of the existing, approved, and proposed acute care beds for the applicant hospital during each of the first three full fiscal years of operation following completion of the project;*

**-C- Novant Health Presbyterian Medical Center.** The applicant provides projected utilization of the existing, approved and proposed acute care beds for NHPMC during each of the first three full fiscal years of operation following completion of the project as shown in the table below.

<b>NHPMC Acute Care Bed Projected Utilization</b>			
	<b>Full FY 1 (CY 2030)</b>	<b>Full FY 2 (CY 2031)</b>	<b>Full FY 3 (CY 2032)</b>
# of Beds	582	582	582
# of Discharges	33,193	34,367	35,581
# of Patient Days	167,323	173,241	179,364
ALOS (in days)	5.0	5.0	5.0
Occupancy Rate	78.8%	81.6%	84.4%

The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference. Therefore, the application is conforming with this Rule.

**-C- Carolinas Medical Center.** Per the definition section in 10A NCAC 14C .3803(1) above, “applicant hospital” means the hospital where the applicant proposes to develop the new acute care beds. Therefore, the applicant hospital is CMC. The applicant provides projected utilization of the existing, approved and proposed acute care beds for CMC during each of the first three full fiscal years of operation following completion of the project as shown in the table below.

<b>CMC Acute Care Bed Projected Utilization</b>			
	<b>FY 1 (CY 2028)</b>	<b>FY 2 (CY 2029)</b>	<b>FY 3 (CY 2030)</b>
# of Beds	1,126	1,126	1,126
# of Discharges	46,350	47,838	49,409
# of Acute Care Days	310,552	320,523	331,050
ALOS	6.7	6.7	6.7
Occupancy Rate	75.6%	78.0%	80.5%

Source: Section Q, C.1b, page 140

The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference. Therefore, the application is conforming with this Rule.

(3) *project an occupancy rate of the existing, approved, and proposed acute care beds for the applicant hospital during the third full fiscal year of operation following completion of the project that equals or exceeds the target occupancy percentage;*

**-C- Novant Health Presbyterian Medical Center.** The applicant’s projected occupancy rate of the existing, approved and proposed acute care beds for NHPMC for the third full fiscal

year of operation following completion of the project is 84.4% which exceeds the target occupancy percentage of 78.0% as set forth in 10A NCAC 14C .3803. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference. Therefore, the application is conforming with this Rule.

- C- **Carolinas Medical Center.** The applicant’s projected occupancy rate of the existing, approved and proposed acute care beds for CMC for the third full fiscal year of operation following completion of the project is 80.5% which exceeds the target occupancy percentage of 78.0% set forth in 10A NCAC 14C .3803. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference. Therefore, the application is conforming with this Rule.

*(4) provide projected utilization of the existing, approved, and proposed acute care beds for the hospital system during each of the first three full fiscal years of operation following completion of the project;*

- C- **Novant Health Presbyterian Medical Center (NHPMC).** Novant Health Inc. owns or operates six hospitals in Mecklenburg County: Novant Health Presbyterian Medical Center, Novant Health Matthews, Novant Health Huntersville, Novant Health Mint Hill, Novant Health Ballantyne and Novant Health Steele Creek. The applicant provides projected utilization of the existing, approved and proposed acute care beds for the Novant Health System during each of the first three full fiscal years of operation following completion of the project as illustrated in the table below. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference. Therefore, the application is conforming with this Rule.

<b>Novant Health Mecklenburg County Facility Acute Care Days, CY2032</b>	
<b>Novant Health System - Mecklenburg County</b>	<b>FY3 (CY2032)</b>
Novant Health Presbyterian	179,364
Novant Health Matthews	46,191
Novant Health Huntersville	42,115
Novant Health Mint Hill	10,247
Novant Health Ballantyne	10,977
Novant Health Steele Creek	8,812
Novant Health System - Mecklenburg County	297,705
Licensed Beds (excluding NICU)	999
Novant Health System - Mecklenburg County Occupancy	81.6%

Source: Section Q, Form C Methodology and Assumptions, pages 126-129

- C- **Carolinas Medical Center.** Per the definition section in 10A NCAC 14C .3801(5), “hospital system” means all hospitals in the proposed service area owned or operated by the applicant or a related entity. The applicant is CMHA. The hospital system is also referred to as the Atrium Health System. The proposed service area is Mecklenburg County. CMHA owns or operates six existing and approved hospitals in Mecklenburg County: CMC, including AH Mercy, Atrium Health Pineville, including AH Steele Creek, and Atrium Health University

City, including Atrium Health Lake Norman. The applicant provides projected utilization of the existing, approved and proposed acute care beds for the CMHA System during each of the first three full fiscal years of operation following completion of the project as illustrated in the table below. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference. Therefore, the application is conforming with this Rule.

Mecklenburg County - Atrium Projected Total Acute Care Days	
	FY3 (CY 2030)
Atrium Health Pineville	119,162
Atrium Health Steele Creek <sup>^</sup>	5,183
Atrium Health University City	41,854
Carolinas Medical Center	331,050
Atrium Health Mercy <sup>^^</sup>	72,953
Atrium Health Lake Norman <sup>^^^</sup>	14,802
Projected Total Acute Care Beds	1,836
Atrium Health System – Mecklenburg County Occupancy	<b>87.3%</b>

Source: Section Q, Form C, page 171, Assumptions and Methodology

<sup>^</sup> Atrium Health Steele Creek is licensed under Atrium Health Pineville.

<sup>^^</sup> Atrium Health Mercy is licensed under CMC.

<sup>^^^</sup> Atrium Health Lake Norman is licensed under Atrium Health University City

(5) *project an average occupancy rate of the existing, approved, and proposed acute care beds for the hospital system during the third full fiscal year of operation following completion of the project that equals or exceeds the target occupancy percentage; and*

**-C- Novant Health Presbyterian Medical Center.** The applicant’s projected average occupancy rate of the existing, approved and proposed acute care beds for the Novant Health System during the third full fiscal year of operation following completion of the project is 81.6% which exceeds the target occupancy rate of 78% set forth in 10A NCAC 14C .3803(5)(d). The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference. Therefore, the application is conforming with this Rule.

**-C- Carolinas Medical Center.** The applicant’s projected average occupancy rate of the existing, approved and proposed acute care beds for the CHMA System during the third full fiscal year of operation following completion of the project is 87.3% which exceeds the target occupancy rate of 78.0% set forth in 10A NCAC 14C .3803(5)(d). The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference. Therefore, the application is conforming with this Rule.

(6) *provide the assumptions and methodology used to project the utilization and occupancy rates required in Items (2), (3), (4), and (5) of this Rule.*

**-C- Novant Health Presbyterian Medical Center.** See Section Q for the applicant’s data, assumptions, and methodology used to project utilization. The discussion regarding analysis of need and projected utilization found in Criterion (3) is incorporated herein by reference.

- C- **Carolinas Medical Center.** See Section Q for the applicant's assumptions and methodology used to project utilization and occupancy rates. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

## COMPARATIVE ANALYSIS

Pursuant to G.S. 131E-183(a)(1) and the 2024 SMFP, no more than 89 acute care beds may be approved for the Mecklenburg County Service Area in this review. Because both applications in this review collectively propose to develop 169 additional acute care beds, both applications cannot be approved. Therefore, after considering all the information in each application and reviewing each application individually against all applicable statutory and regulatory review criteria, the Project Analyst conducted a comparative analysis of the proposals to decide which proposal should be approved.

Below is a brief description of each project included in this review.

- Project ID #F-12574-24 / **Carolinas Medical Center** / Develop 89 additional acute care beds pursuant to the 2024 SMFP Need Determination
- Project ID #F-12570-24 / **Novant Health Presbyterian Medical Center** / Develop 80 additional acute care beds pursuant to the 2024 SMFP need determination

### Conformity with Statutory and Regulatory Review Criteria

An application that is not conforming or conforming as conditioned with all applicable statutory and regulatory review criteria cannot be approved. Both applications are conforming to all applicable statutory and regulatory review criteria. Therefore, regarding this comparative factor, both applications are equally effective alternatives.

### Scope of Services

Generally, the application offering the greater scope of services is the more effective alternative with regard to this comparative factor.

Both applications involve existing acute care hospitals which provide numerous types of medical services. However, only one applicant, **Carolinas Medical Center**, is a Level I trauma center, a quaternary care center, and an academic medical center. **Novant Health Presbyterian Medical Center** is a tertiary care center but does not offer as many services as **Carolinas Medical Center** does.

Therefore, **Carolinas Medical Center** is the more effective alternative with respect to this comparative factor and, **Novant Health Presbyterian Medical Center** is a less effective alternative.

### Geographic Accessibility (Location within the Service Area)

As of the date of this decision, there are 2,666 existing and approved acute care beds, allocated between 10 existing and approved hospitals owned by two providers (Atrium and Novant) in the Mecklenburg County Service Area, as illustrated in the following table.

<b>Mecklenburg County Acute Care Hospital Campuses</b>	
<b>Facility</b>	<b>Existing/Approved Beds</b>
AH Lake Norman	0/30
AH Pineville*	268/72
AH University City	95/26
CMC**	979/277
<b>Atrium Total</b>	<b>1,342/405</b>
NH Ballantyne Medical Center	36/0
NH Huntersville Medical Center	135/12
NH Health Matthews Medical Center	146/20
NH Health Presbyterian Medical Center	469/33
NH Mint Hill Medical Center	36/0
NH Steele Creek Medical Center	0/32
<b>Novant Total</b>	<b>822/97</b>
<b>Mecklenburg County Total</b>	<b>2,164/502</b>

Source: Table 5A, pages 42-43, 2025 SMFP

\*Includes the approved AH Steele Creek campus to be licensed as part of AH Pineville.

\*\*Includes the AH Mercy campus licensed as part of CMC.

The following table illustrates where in the service area the existing and approved acute care beds are or will be located by health system.

<b>City</b>	<b>System</b>	<b>Total Acute Care Bed Inventory*</b>
Charlotte	Atrium	1,256
	Novant	502
Ballantyne	Novant	36
Steele Creek	Novant	32
Steele Creek	Atrium	26
University City	Atrium	121
<b>Charlotte Total</b>		<b>1,973</b>
Pineville	Atrium	314
Huntersville	Novant	147
Matthews	Novant	166
Mint Hill	Novant	36
Cornelius	Atrium	30
<b>Total other than Charlotte</b>		<b>693</b>
<b>Total Mecklenburg County</b>		<b>2,666</b>

\*Existing and approved acute care beds combined.

As shown in the table above, the existing and approved acute care beds are in Charlotte, Cornelius, Huntersville, Matthews, Mint Hill, and Pineville. **Carolinas Medical Center** proposes to add 89 acute care beds to an existing facility in Charlotte. **Novant Health Presbyterian Medical Center** proposes to add 80 acute care beds to an existing facility in Charlotte. Up to eighty-nine acute care beds would be added in Charlotte, which already has 1,963 existing and approved acute care beds.

Both applications propose to add beds to existing facilities. It is clear that both facilities are widely

geographically accessible. Therefore, with regard to geographic accessibility, **Carolinas Medical Center** and **Novant Health Presbyterian Medical Center** are both equally effective alternatives.

**Competition (Access to a New or Alternate Provider)**

The following table illustrates the existing and approved providers located in the service area. Generally, the introduction of a new provider in the service area would be the most effective alternative based on the assumption that increased patient choice would encourage all providers in the service area to improve quality or lower costs in order to compete for patients. However, the expansion of an existing provider that currently controls fewer acute care beds than another provider would also presumably encourage all providers in the service area to improve quality or lower costs in order to compete for patients.

As of the date of this decision, there are 2,666 existing and approved acute care beds located in the Mecklenburg County service area as illustrated in the following table.

<b>Mecklenburg County Acute Care Hospital Campuses</b>	
<b>Facility</b>	<b>Existing/Approved Beds</b>
AH Lake Norman	0/30
AH Pineville*	268/72
AH University City	95/26
CMC**	979/277
<b>Atrium Total</b>	<b>1,342/405</b>
NH Ballantyne Medical Center	36/0
NH Huntersville Medical Center	135/12
NH Health Matthews Medical Center	146/20
NH Health Presbyterian Medical Center	469/33
NH Mint Hill Medical Center	36/0
NH Steele Creek Medical Center	0/32
<b>Novant Total</b>	<b>822/97</b>
<b>Mecklenburg County Total</b>	<b>2,164/502</b>

Source: Table 5A, pages 42-43, 2025 SMFP

\*Includes the approved AH Steele Creek campus to be licensed as part of AH Pineville.

\*\*Includes the AH Mercy campus licensed as part of CMC.

**Carolinas Medical Center** is affiliated with Atrium Health which controls 1,747 of the 2,666 acute care beds in Mecklenburg County, or 65.5%. **Novant Health Presbyterian Medical Center** is affiliated with Novant Health which controls 919 of the 2,666 acute care beds in Mecklenburg County, or 34.5%.

If **Novant Health Presbyterian Medical Center's** application is approved, and **Carolinas Medical Center's** application is denied, Novant Health would control 999 of the 2,746 existing and approved acute care beds in Mecklenburg County, or 36.4%. If **Carolinas Medical Center's** application is approved and **Novant Health Presbyterian Medical Center's** application is denied, Atrium Health would control 1,836 of the 2,755 existing and approved acute care beds in Mecklenburg County, or 66.6%. Regardless of the ultimate conclusion of this comparative

analysis, Atrium Health will control a larger percentage of acute care beds in Mecklenburg County than Novant Health.

Therefore, with regard to patient access to a new or alternate provider, the application submitted by **Novant Health Presbyterian Medical Center** is the more effective alternative, and the application submitted by **Carolinas Medical Center** is the less effective alternative.

**Historical Utilization**

The following table illustrates historical utilization for **Carolinas Medical Center** and **Novant Health Presbyterian Medical Center**. Generally, regarding this comparative factor, an existing provider with higher historical utilization rates is the more effective alternative based on an assumption that that provider has a greater need for the proposed acute care beds in order to serve its projected patients.

Mecklenburg County Historical Acute Care Bed Utilization (Table 5A of 2024 SMFP)					
Facility	FFY2022 Acute Care Days	ADC	# of Acute Care Beds*	Utilization	Proj. (Surplus)/Deficit 2026
CMC	328,618	900.7	979	92.0%	139
NH Presbyterian	129,926	356.0	469	75.9%	42

\*Existing acute care beds during FFY 2022 only.

As shown in the table above, **Carolinas Medical Center** has a historical utilization rate of 92.0%, and has a projected deficit of 139 acute care beds in 2026. **Novant Health Presbyterian Medical Center** has a historical utilization rate of 75.9% and has a projected deficit of 42 acute care beds in 2026.

Acute care bed need determinations are driven by health systems, not the individual hospitals within a health system. In the 2024 SMFP, Atrium has a system-wide deficit of 244 acute care beds and Novant has a system-wide deficit of 10 acute care beds, for a combined total deficit of 254 acute care beds. Each health system has at least one facility with a projected surplus of acute care beds. The Atrium Health system has a higher deficit of acute care beds than the Novant Health system. As discussed above under the “Competition (Patient Access to a New or Alternate Provider)” comparative factor, the Atrium Health system controls 65.5% of acute care beds in Mecklenburg County and the Novant Health system controls 34.5% of acute care beds in Mecklenburg County. However, the Atrium Health system deficit makes up 96.1% of the combined deficit of acute care beds, which is a higher proportion of the deficit than the amount of acute care beds that the Atrium Health system controls. The Novant Health system deficit makes up 3.9% of the combined deficit of acute care beds, which is a lower proportion of the deficit than the amount of acute care beds the Novant Health system controls.

Thus, with regard to historical utilization, the Atrium Health system has higher historical utilization than the Novant Health system. Therefore, **Carolinas Medical Center** is the more effective alternative and **Novant Health Presbyterian Medical Center** is the less effective alternative.

### Access by Service Area Residents

The 2024 SMFP defines the service area for acute care beds as “... *the single or multicounty grouping shown in Figure 5.1.*” Figure 5.1, on page 36, shows Mecklenburg County as a single acute care bed service area. Thus, the service area for these facilities is Mecklenburg County. Facilities may also serve residents of counties not included in their service area. Generally, regarding this comparative factor, the application projecting to serve the largest number of service area residents is the more effective alternative based on the assumption that residents of a service area should be able to derive a benefit from a need determination for additional acute care beds in the service area where they live.

The following table illustrates access to acute care inpatient services by service area residents during the third full fiscal year following project completion.

Projected Service to Mecklenburg County Residents – FY 3		
Applicant	# Mecklenburg Residents	% Mecklenburg Residents
NH Presbyterian	24,181	68.0%
Carolinas Medical Center	25,141	50.9%

Sources: Project ID #F-12570-23 p.33, Project ID #F-12574-24 p.43

As shown in the table above, **Carolinas Medical Center** projects to serve the highest number of Mecklenburg County residents and **Novant Health Presbyterian Medical Center** projects to serve the highest percentage of Mecklenburg County residents.

However, the acute care bed need determination methodology is based on utilization of all patients that utilize acute care beds in Mecklenburg County and is not only based on patients originating from Mecklenburg County. Further, **Carolinas Medical Center** is a Level I trauma center and a quaternary care academic medical center which, because of its numerous advanced specialties and extremely specialized level of care, is likely to pull in many patients from significant distances who are seeking the specialized level of health care offered by **Carolinas Medical Center**. **Novant Health Presbyterian Medical Center** is a tertiary care center. While it does not provide the same level of care as **Carolinas Medical Center**, tertiary care centers still offer specialized health care that will pull in patients from outside of Mecklenburg County. Considering the discussion above, the result of this analysis is inconclusive.

### Access by Underserved Groups

Underserved groups are defined in G.S. 131E-183(a)(13) as follows:

*“Medically underserved groups, such as medically indigent or low income persons, Medicaid and Medicare recipients, racial and ethnic minorities, women, and ... persons [with disabilities], which have traditionally experienced difficulties in obtaining equal access to the proposed services, particularly those needs identified in the State Health Plan as deserving of priority.”*

For access by underserved groups, applications are compared with respect to two underserved groups: Medicare patients and Medicaid patients. Access by each group is treated as a separate factor.

***Projected Medicaid***

The following table compares projected access by Medicaid patients in the third full fiscal year following project completion for each facility. Generally, the application projecting to serve a larger percentage of Medicaid patients is the more effective alternative for this comparative factor.

<b>Projected Medicaid Revenue – 3<sup>rd</sup> Full FY</b>			
<b>Applicant</b>	<b>Total Medicaid Rev.</b>	<b>Ave. Medicaid Rev./Patient</b>	<b>% of Gross Rev.</b>
Carolinas Medical Center	\$377,541,044	\$7,641	21.7%
NH Presbyterian	\$348,429,930	\$9,793	12.1%

**Sources:** Forms C.1b and F.2b for each applicant

As shown in the table above, **Carolinas Medical Center** projects the highest total Medicaid revenue and the highest percent of Medicaid revenue as a percentage of gross revenue, and **Carolina Medical Center** projects the highest average Medicaid revenue per patient. Generally, the application projecting to provide the most revenue to Medicaid patients is the more effective alternative for this comparative factor.

However, **Novant Health Presbyterian Medical Center’s** pro-formas are not structured the same way as those from **Carolinas Medical Center**. In the assumptions and methodology for Form F.2, **Novant Health Presbyterian Medical Center** states the acute care gross charges include nursing units, inpatient surgery revenue, ED services provided to an admitted patient, imaging, obstetrics/newborn revenues, and all ancillary services. In the assumptions and methodology for Forms F.2 and F.3, **Carolinas Medical Center** states the gross revenue includes acute care bed charges and expenses only and does not include any ancillary services or surgical services that an inpatient receives.

Further, even if the applicants had provided pro forma financial statements in a manner that would allow the Agency to compare reasonably similar kinds of data, differences in the acuity level of patients at each facility and the level of care (tertiary care hospital and quaternary care academic medical center) at each facility would make any comparison of little value. Therefore, the result of this analysis is inconclusive.

***Projected Medicare***

The following table compares projected access by Medicare patients in the third full fiscal year following project completion for each facility. Generally, the application projecting to serve a larger percentage of Medicare patients is the more effective alternative for this comparative factor.

<b>Projected Medicare Revenue – 3<sup>rd</sup> Full FY</b>			
<b>Applicant</b>	<b>Total Medicare Rev.</b>	<b>Ave. Medicare Rev./Patient</b>	<b>% of Gross Rev.</b>
Carolinas Medical Center	\$681,081,098	\$13,785	39.1%
NH Presbyterian	\$1,390,542,902	\$39,081	48.4%

Sources: Forms C.1b and F.2b for each applicant

As shown in the table above, **Novant Health Presbyterian Medical Center** projects to have the highest total amount of Medicare revenue and the highest average Medicare revenue per patient and also projects to have the highest percentage of Medicare revenue as a percentage of gross revenue. Generally, the application projecting to provide the most revenue to Medicare patients is the more effective alternative for this comparative factor.

However, **Novant Health Presbyterian Medical Center’s** pro-formas are not structured the same way as those from **Carolinas Medical Center**. In the assumptions and methodology for Form F.2, **Novant Health Presbyterian Medical Center** states the acute care gross charges include nursing units, inpatient surgery revenue, ED services provided to an admitted patient, imaging, obstetrics/newborn revenues, and all ancillary services. In the assumptions and methodology for Forms F.2 and F.3, **Carolinas Medical Center** states the gross revenue includes acute care bed charges and expenses only, and do not include any ancillary services or surgical services that an inpatient receives.

Further, even if the applicants had provided pro forma financial statements in a manner that would allow the Agency to compare reasonably similar kinds of data, differences in the acuity level of patients at each facility and the level of care (tertiary care hospital and quaternary care academic medical center) at each facility would make any comparison of little value. Therefore, the result of this analysis is inconclusive.

**Projected Average Net Revenue per Patient**

The following table compares projected average net revenue per admission/discharge for acute care inpatient services in the third full fiscal year following project completion for each facility. Generally, regarding this factor, the application proposing the lowest average net revenue per patient admission/discharge is the more effective alternative since a lower average may indicate a lower cost to the patient or third-party payor.

<b>Average Net Revenue for Acute Care Inpatient Services per Patient Admission/Discharge 3<sup>rd</sup> Full FY</b>			
<b>Applicant</b>	<b>Total # Admissions/ Discharges</b>	<b>Net Revenue</b>	<b>Average Net Revenue per Admission/Discharge</b>
NHPMC	35,581	\$825,095,299	\$23,189
CMC	49,409	\$459,385,520	\$9,298

Source: Forms C.1b and F.2b for each applicant

As shown in the table above, **Carolinas Medical Center** projects to have the lowest average net revenue per patient.

However, **Novant Health Presbyterian Medical Center’s** pro-formas are not structured the same way as those from **Carolinas Medical Center**. In the assumptions and methodology for Form F.2, **Novant Health Presbyterian Medical Center** states the acute care gross charges include nursing units, inpatient surgery revenue, ED services provided to an admitted patient, imaging, obstetrics/newborn revenues, and all ancillary services. In the assumptions and methodology for Forms F.2 and F.3, **Carolinas Medical Center** states the gross revenue includes acute care bed charges and expenses only and does not include any ancillary services or surgical services that an inpatient receives.

Further, even if the applicants had provided pro-forma financial statements in a manner that would allow the Agency to compare reasonably similar kinds of data, differences in the acuity level of patients at each facility and the level of care (tertiary care hospital and quaternary care academic medical center) at each facility would make any comparison of little value. Therefore, the result of this analysis is inconclusive.

**Projected Average Operating Expense per Patient**

The following table compares projected average operating expense per acute care inpatient services admission/discharge in the third full fiscal year following project completion for each facility. Generally, regarding this factor, the application proposing the lowest average operating expense per admission/discharge is the more effective alternative since a lower average may indicate a lower cost to the patient or third-party payor or a more cost-effective service.

Average Operating Expense per Patient Admission/Discharge for Acute Care Inpatient Services 3 <sup>rd</sup> Full FY			
Applicant	Total # of Admissions/Discharges	Operating Expenses	Average Operating Expense per Patient Admission/Discharge
NHPMC	35,581	\$817,768,097	\$22,983
CMC	49,409	\$446,002,318	\$9,027

Source: Forms C.1b and F.2b for each applicant

As shown in the table above, **Carolinas Medical Center** projects the lowest average operating expense per patient.

However, **Novant Health Presbyterian Medical Center’s** pro-formas are not structured the same way as those from **Carolinas Medical Center**. In the assumptions and methodology for Form F.3, **Novant Health Presbyterian Medical Center** states the acute care operating expenses include costs for support staff salaries, fees for other departments, and costs for ancillary and support services. **Carolinas Medical Center’s** application does not state whether costs for ancillary and support services are included in the projected operating expenses. **Carolinas Medical Center’s** application projects salary expenses only for staff identified in Form H.

Further, even if the applicants had provided pro forma financial statements in a manner that would allow the Agency to compare reasonably similar kinds of data, differences in the acuity level of patients at each facility, and the level of care (tertiary care hospital and quaternary care academic

medical center) at each facility would make any comparison of little value. Therefore, the result of this analysis is inconclusive.

### SUMMARY

Due to significant differences in the levels of acuity and services provided, and differences in presentation of pro-forma financial statements for each hospital, the comparative may be of less value and result in less than definitive outcomes than if both applications were for like facilities and reporting in like formats.

The following table lists the comparative factors and indicates which application is the more effective alternative with regard to that particular comparative factor. The comparative factors are listed in the same order they are discussed in the Comparative Analysis, which should not be construed to indicate an order of importance.

Comparative Factor	NHPMC	CMC
Conformity with Statutory and Regulatory Review Criteria	Equally Effective	Equally Effective
Scope of Services	Less Effective	<b>More Effective</b>
Geographic Accessibility (Location within the Service Area)	Equally Effective	Equally Effective
Competition (Access to a New or Alternate Provider)	<b>More Effective</b>	Less Effective
Historical Utilization	Less Effective	<b>More Effective</b>
Access by Service Area Residents	Inconclusive	Inconclusive
Access by Medicaid Patients	Inconclusive	Inconclusive
Access by Medicare Patients	Inconclusive	Inconclusive
Projected Average Net Revenue per Patient	Inconclusive	Inconclusive
Projected Average Operating Expense per Patient	Inconclusive	Inconclusive

- With respect to Conformity with Review Criteria, **Novant Health Presbyterian Medical Center** and **Carolinas Medical Center** offer equally effective alternatives. See Comparative Analysis for discussion.
- With respect to Scope of Services, **Carolinas Medical Center** offers the more effective alternative and **Novant Health Presbyterian Medical Center** offers less effective alternatives. See Comparative Analysis for discussion.
- With respect to Geographic Accessibility, **Novant Health Presbyterian Medical Center** and **Carolinas Medical Center** offer equally effective alternatives. See Comparative Analysis for discussion.
- With respect to Competition/Access to a New or Alternate Provider, **Novant Health Presbyterian Medical Center** offers the more effective alternative and **Carolinas Medical Center** offers the less effective alternative. See Comparative Analysis for discussion.

- With respect to Historical Utilization, **Carolinas Medical Center** offers the more effective alternative and **Novant Health Presbyterian Medical Center** offers a less effective alternative. See Comparative Analysis for discussion.

## Conclusion

G.S. 131E-183(a)(1) states that the need determination in the SMFP is the determinative limit on the number of acute care beds that can be approved by the Healthcare Planning and Certificate of Need Section. Approval of all applications submitted during this review would result in acute care beds in excess of the need determination for the Mecklenburg County service area. All applications submitted for acute care beds in the review are conforming to all applicable statutory and regulatory review criteria and are approvable standing alone. However, collectively they propose 169 acute care beds while the need determination is for 89 acute care beds, therefore only 89 acute care beds can be approved.

As discussed above, **Novant Health Presbyterian Medical Center** was determined to be a more effective alternative for the following factor:

- Competition (Access to a New or Alternate Provider)

**Carolinas Medical Center** was determined to be the more effective alternative for the following factors:

- Scope of Services
- Historical Utilization

Based upon the independent review of each application and the Comparative Analysis, the application submitted by **Carolinas Medical Center** is comparatively superior to the application submitted by **Novant Health Presbyterian Medical Center**. The application submitted by **Carolinas Medical Center** is a more effective alternative for two comparative analysis factors, while the application submitted by **Novant Health Presbyterian Medical Center** is a more effective alternative for only one comparative analysis factor. Therefore, the application submitted by **Novant Health Presbyterian Medical Center** is denied.

The application submitted by **Carolinas Medical Center**, Project ID #F-12574-24, is approved subject to the following conditions:

1. **The Charlotte-Mecklenburg Hospital Authority (hereinafter certificate holder) shall materially comply with all representations made in the certificate of need application.**
2. **The certificate holder shall develop no more than 89 acute care beds pursuant to the need determination in the 2024 SMFP for a total of no more than 1,345 acute care beds upon completion of this project, Project ID #F-12006-20 (add 87 beds), Project ID# F-12010-20 (relocate 18 beds), Project ID #F-12149-21 (add 75 beds), Project ID# F-12281-22 (add 38 beds), and Project ID #F-12439-23 (add 86 beds).**

- 3. Upon completion of the project, Carolinas Medical Center shall be licensed for no more than 1,345 acute care beds.**
- 4. Progress Reports:**
  - a. Pursuant to G.S. 131E-189(a), the certificate holder shall submit periodic reports on the progress being made to develop the project consistent with the timetable and representations made in the application on the Progress Report form provided by the Healthcare Planning and Certificate of Need Section. The form is available online at: <https://info.ncdhhs.gov/dhsr/coneed/progressreport.html>.**
  - b. The certificate holder shall complete all sections of the Progress Report form.**
  - c. The certificate holder shall describe in detail all steps taken to develop the project since the last progress report and should include documentation to substantiate each step taken as available.**
  - d. The first progress report shall be due on September 1, 2025.**
- 5. The certificate holder shall not acquire as part of this project any equipment that is not included in the project's proposed capital expenditures in Section Q of the application and that would otherwise require a certificate of need.**
- 6. The certificate holder shall develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes.**
- 7. The certificate holder shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Agency in writing prior to issuance of the certificate of need.**